

# Maclean's

A close-up, high-contrast portrait of Saddam Hussein, looking slightly to the right with a serious expression. He has a dark mustache and is wearing a dark jacket over a light-colored shirt.

THE  
THREATS TO  
ROBERT CAMPAU

## TYRANT OF THE GULF

THE  
IRAQI INVASION  
OF KUWAIT

WILL THE GUNS  
OF AUGUST  
CREATE A MAJOR  
WORLD  
RECESSION?

Iraqi President  
Saddam Hussein



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# Maclean's

CANADA'S WEEKLY NEWSMAGAZINE AUGUST 12, 1998 VOL. 102 NO. 32

## CONTENTS

### 4 EDITORIAL

### 6 LETTERS/PASSAGES

### 8 OPENING NOTES

Tim Tobey *crus* food, a *mouse* proven to be a small disappointment; congressmen take their money and retire; Eric Mallory shows his best side; Georges Erasmus takes an ill-timed vacation; a duck quacks RCMP ranks

### 10 CANADA

A pro-environment candidate is poised to win a federal by-election; Toronto's 1996 Olympics bid goes to the wire; tensions rise in Oka, Que.

### 28 WORLD

A coup attempt fails in Trinidad; charges of racism color the trial of Washington's mayor; the ms kills a British politician

### 36 BUSINESS

Varsity Corp. plans a controversial move; the steel industry faces a long, bitter strike

### 43 BUSINESS WATCH/PETER C. NEWMAN

### 46 SCIENCE

The mysterious circles in English fields

### 48 MEDICINE

Doctors attempt life-saving gene therapy

### 52 PEOPLE

### 53 PUBLISHING

A British ban on a tarantula royal household *comes* makes it a popular book

### 54 ENVIRONMENT

A tiny maddox, the *zebra* maddox, is threatening the ecology of the Great Lakes

### 55 TRANSPORTATION

The growing menace of big trucks

### 56 TECHNOLOGY

'Sick-building syndrome.'

### 58 FILMS

Plutonium pushes with chills and thrills

### 59 BOOKS

Peter Matthiessen's tale of evil and innocence in Florida's Everglades

### 60 GUEST COLUMN/WALTER STEWART

COVER PHOTO BY STEPHEN LEE

## COVER

### TYRANT OF THE GULF



By launching a pre-emptive invasion of Kuwait, the neighboring Persian Gulf showdown, Iraqi President Saddam Hussein plunged the region into crisis and the world at large into shock. As well, he raised the risk of U.S. military intervention and also set in motion a process which, because of its effect on oil prices, could have far-reaching effects on an already faltering global economy. — 39

## CANADA

### McLAUGHLIN'S MISSION

As the first woman to lead a federal political party in Canada, Audrey McLaughlin has attracted the interest of political analysts and the loyalty and co-operation of her 45-member NDP caucus in Ottawa. But after eight months at the helm, she still has little recognition among average Canadians. — 10



## BUSINESS

### BARGAIN SHOPPING

Six months ago, the virtual collapse of Robert Campeau's retailing empire, which he had financed in part with junk bonds, led to the crash of the high-risk bond market. Now, however, Toronto-based Gordon Capital Inc. is proving that even such dangerous investments can be a bargain—if the price is right. — 34



COVER PHOTO BY STEPHEN LEE



# A Frightening Picture

After the rapid-fire revolutions that profoundly reshaped the contours of Eastern Europe in less than a year, and with the end of the Cold War, the world seemed unusually that global politics were changing beyond recognition. Last week, when Iraq invaded the top, which crumpled in Kuwait, the picture of that change began to emerge. It is a frightening picture. Iraq's President Saddam Hussein effectively selected the superpowers and manipulated their importance in sending a conflict that could drive the world into a major recession.

Together, Kuwait and Iraq produce 20 per cent of the oil supplies of the 13-member Organisation of Petroleum Exporting Countries (OPEC), giving them effective control of world prices, which after the invasion shot up to almost \$25.00 a barrel from roughly \$20. A continuation of that trend could drive the international economy into a sharp recession, and eventually a depression, as Iraq's oil revenues fell. But the United States and the Soviet Union were reduced to a post-confrontation of the Iraqis strike and a call by Washington for United Nations sanctions—important responses of force, and an open acknowledgment of Iraq's aggression at war. The United States was sending the aircraft carriers Independence and Saratoga to join the Kassehwar in the region. But that is a crude and largely outdated form of military diplomacy.

Clearly, the superpowers failed in reversing their first major challenge in the post-Cold War era. And they will pay an increasingly higher price as the world's oil reserves dwindle. The crises of them. Both Washington and the Kremlin—on Washington alone—should have demonstrated a determination to prevent aggression by taking military action to cut Iraq's main oil pipelines through Saudi Arabia and Turkey and mounting a naval blockade of the Strait of Hormuz to prevent shipments from the Gulf. It might still happen, but what should have been the hours of discussion were fractured away.



Courtesy of John Dwyer (left), John Dwyer, John Dwyer, John Dwyer

Kevin Doyle

## Macleans

Canada's national news magazine

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Senior Editor: John Doyle/Canada, John Doyle (left)

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Publisher: James C. Neill

# LETTERS

## BANKS' HUMAN DIMENSION

Is it not a marvelous development to see our country's bankers participating in such new and diverse activities ("The banks' new weapons: being nice," Cover, July 30)? Check-wagon rides and wearing Hawaiian shirts for promotional campaigns—they are certainly putting on a new human dimension. I, for one, believe that they are most certainly putting us on. Last, we forget: who's human dimension was not a business requirement, they did not present it. *Ned Colvins, Wood River, Ont.*

Gold Bonds being big, the bonds are going to be nice? Too bad they intend to remain hoarded to the last service charge or closed account. My two trust companies, my cause registered and, above all, my credit name provide secure investment service, better rates and longer hours, and all are faster, friendlier and noticeably cheaper. We still need banking services, but hell of us have already learned that we are better off outside the Big Six.

*Jim F. Bentley, Windsor, Ont.*

## MOBLAWK STANDOFF

I wonder what would happen at Oka if the media were not there to cover the events ("The battle of Oka," Cover, July 23). What else would prevent the unilateral use of force by the Quebec provincial police, uncontrolled by the provincial and federal authorities? Once more, this is clearly a case where the media are standing for the defence of human rights.

*Philip Tremblay, Châteaufort*

Even though the Mohawks have a legitimate request, responding by way of terrorism is not the answer. They have access to fully automatic weapons, which are restricted in Canada. They have destroyed both public and private property, including law-enforcement vehicles. Mohawks should have at once imposed martial law, sent in the Armed Forces and arrested those involved in the crimes committed. I find most uncomfortable knowing that I live in a country where our leaders allow terrorism to run rampant.

*Brent Hamel, Mississauga*

## A PLEA FOR POLITICAL WILL

Without political resolve to do the right thing for our native people, a royal commission study will be useless ("The Sedentary Missions," From The Editor's Desk, July 23). While resolve, study is not needed. We need a



Bank check-wagon rides "putting us on"

hunch to Ottawa, pay them more than most of us will ever see, and it is about time that we spent no more money than we have been getting. If we do not, the saddest message will be the waste of much that has gone before in building this country.

*Merle Wright, Thornhill, Ont.*

## MORE MEECH PUROR

Peter C. Newman's attempt to label Clyde Wells as the destroyer of Canadian unity is a petty, biased misrepresentation of facts ("The man who poisoned Meach Lake," Business Week, July 16). No version of the Prime Minister's role, of course, is orchestrating and carrying out his "keep game" and ongoing closed-door negotiations. Newman is an actual left a Mulroney propagandist.

*C. Joseph Farrell, Aurora, N.B.*

I am appalled that a journalist of Peter C. Newman's stature would make such a scurrilous attack on Premier Wells's personal and public life. Wells is highly regarded by most Canadians for his forthrightness, something that is not too prevalent among our politicians. It seems too much for pro-Meechers to admit that a courageous Manitoba MLA, Hugh Harper, had the audacity to block the Meach Lake accord. Indeed, Harper decided it to be an Indian victory—which added it was.

*Arthur Collins, Ottawa*

Letters are edited and may be condensed. Writers should submit original letters and indicate whether they are original or reprinted. Letters to the Editor should be addressed to: Editor, The Star, 177 Bay St., Toronto, Ont. M5H 1A7.

## PASSAGES

**ORDERED:** To relinquish control over the New York Yankees baseball team, of which he owns 85 per cent, George Steinbrenner, 60. In a four-page document, baseball commissioner Fay Vincent also specified that "no Yankees officials or employees shall confer, consult, advise or otherwise communicate, either directly or indirectly," with Steinbrenner. Yankees officials must also consult with the American League for approval of "the hiring, firing, promotion, demotion or management of any officer." The order, signed by Steinbrenner, followed a four-month investigation into a \$40,000 payment Steinbrenner made to Howard Spira, a well-known gambler.



**APPOINTED:** By Prime Minister Brian Mulroney, Marlene Reid, 61, as lieutenant-governor of Prince Edward Island. Reid, a former school principal, was a Tory member of the provincial legislature from 1975 until 1988. She served as Speaker in the legislature from 1982 to 1986.

**DIED:** Pauline director of Canada's Ukrainian Research Committee and companion of the Order of Canada Lillian Mitchevskaya, 80, of cancer, in Ottawa. Mitchevskaya, a native of Czechoslovakia, ran the organization, which focused on aid to victims of hunger and poverty around the world, from 1945 until illness forced her to resign in 1985. Many Canadians will remember her for the television commercials that she narrated at her heavily accented English.

**GRANTED:** Clemency to Russell Gilbert, 81, who was sentenced to life imprisonment in Florida in 1985 for the shooting death of his 12-year-old wife, Emily. Gilbert's case received wide publicity because he said he killed her out of mercy. The wife of 54 years had been suffering from Alzheimer's disease. Florida Gov. Bob Martinez freed Gilbert, who is a 4th with heart and lung ailments, for medical reasons.

**SUBSIDIZED:** Power rock star Chuck Berry, 63, to police in his home town of St. Charles, Mo. The singer, who had been on tour in Europe, faces one charge of marijuana possession and three charges of child abuse based on allegations that he made nude videotapes of underage youths. Berry posted a property bond and was released.



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# OPENING NOTES

Donald Duck quacks the ranks of the RCMP, 'Budgate' makes prime time, and the Queen is not amused

## COURTING HYPOCRISY

The Sobey, the Halifax-based co-author of *Courting Disaster*, the recently banned local account of life at Bedford House Palace, has become an overnight champion of free speech and a free press (page 32). But, not long ago, the shoe was on the other foot. Last December, only 18 months after it opened, Sobey's extravagant and expensive Halifax restaurant, Vello, closed because of a lack of business. The *Halifax Daily News* then published an article based on an interview with him. The article began, "If Halifax was more cosmopolitan and had more discerning taste, a restaurant of the calibre of



Sobey's champion of free speech

Vello could have survived." The man who is now gaining notoriety for offending the Royal Family characterized Halifax as "a [single] people who 'do not know the difference between good food and bad food.'" He added, "Most of the successful business people [in Halifax] are from small rural towns where they don't have fancy restaurants." Then, after his comments appeared in the paper, Sobey's lawyer wrote to editor Douglas Mackay demanding an apology and threatening that action, he said the letter, the article "improperly portrayed [Sobey] as an elitist snob." Said Mackay: "We didn't see anything wrong with what we had published, so we refused." Eventually, Sobey allowed the action to lapse and his went on to bigger things: criticizing the Royal Family for blocking free speech. Funny how the tables turn.

## Sweeping nature under the rug

A 30-year record at Ottawa's Museum of Nature has finally ended—with disappointing results. A large tile mosaic of an anachronistically correct bull moose on the floor of the building's entryway caused so much consternation with museum patrons in the 1880s that officials ordered it covered with a red carpet. The moose had been there since the building first opened in 1902 as the Victoria Memorial Museum Building, then according to Lucille Bessie, a spokeswoman for the museum, "There's a huge difference in morality between the 1920s and now. The moose is anachronistically correct, and the morality then was such that you couldn't have that." In the years after the reopening, rumors about the bull's appearance grew. Then, last March, museum began extensive repairs to the building, and eventually the museum decided to restore



The moose mosaic, great expectations

the foyer and uncover the moose mosaic at a cost of about \$125,000. But the museum failed to live up to the staff's expectations. Said Bessie: "I grew up in the country, you know, and when I finally saw him [uncovered], I thought, 'Is that it?'"

## RATHER TASTY LEFTOVERS

Washington senators are anticipating a flurry of early congressional retirements. Because of an arcane law, more than 175 congressmen will be able to keep the large amounts of cash accumulated from leftover campaign funds—but only if they retire before 1993. For some, including Illinois Democrat Dan Rostenkowski, chairman of the House ways and means committee, the amount equals more than \$1 million. And although a spokesman for Rostenkowski, 62, said, "He has made no plans to retire," there is still time to change his mind.



Malling (left) and newly a matter more sensitive than he had thought



## A PICTURE-PERFECT PERSONALITY

A charming celebrity status in Canada's 1980s years of hard work and untiring dedication—most often in the no man's land of network television news departments. But when they finally make it, the nation's TV superstars cannot be accused of false modesty. Certainly not the new host of CTV's current affairs program *NS*. When Eric Malling discovered that Macdonald was planning to turn the negotiations that led to his move from CBC's the *5th* estate to the real CTV

earlier this summer, he was only too happy to talk at length about his employers, old and new (page 32). Then, he telegraphed later to try to take back some of his comments, because, he said, the matter was more sensitive than he had originally thought. Still, vinty prevailed. Said Malling as an afterthought: "By the way, that picture you see a few months ago makes me look terrible. Do you mind if I send you a new one?" The two hosts of Eric Malling



McQueen's home is where the office is not

## A journalistic marriage

Tina McQueen is the director of news and current affairs at CBC television. Her husband, Donald McQueen, is the producer of CTV's current affairs program *NS*. Friends who know both of them say that the McQueens do not take their work home with them. Indeed, one friend commented, "When they're at home, they talk about painting the garage." But CTV's recent successful wooing of Eric Malling from his 14-year job as co-host of CBC's the *5th* estate to join *NS*, the rival network's leading news program, has raised speculation that juggling home and office politics at the McQueens household must be a major challenge. Sources say that Tina and her staff at the CBC were at the process of organizing a new contract with Malling before he left for a vacation on Salt Spring Island, B.C., earlier this summer. Malling said that CTV executive Peter Bebak phoned him there and offered him the job. A couple of weeks later, he said a surprised Tina McQueen that he was accepting the CTV offer. Malling said that Tina's husband was careful not to take part in the negotiations. For his part, Donald McQueen would only say, "We keep our professional lives apart." Otherwise, broadcasters make strained bedfellows.

## SGT. DONALD OF THE YUKON

Stereotypical Canadian Mounties have long drawn derisive laughs from movie audiences, but now New Hampshire-born author Bernard Drew, 40, has produced a book chronicling his adventures in the wilder field of pop culture. Drew, managing editor of a weekly paper in Great Barrington, Mass., says that he became interested in imaginary Mounties about 15 years ago, when he found a bundle of 1930s pulp magazines in an antique store. "I was hooked on the spot," he said. His *Lawman in Scarlet* (over a 1989 Donald Duck comic book adventure in which, Drew reports, the daring dingo manages to join the force "even though he is under regulation light, can't speak French, and waddles." A true Barfoot on the loose.

## SCANDALOUS TELEVISION

Former B.C. attorney general Paul Sault's fall from grace has attracted the attention of a U.S. tabloid television news program. Earlier this month, a crew from Fox's tabloid *A Current Affair* visited Victoria to cover the political scandal involving Sault and his so-called close relationship with TV reporter Margaret Sinclair. Fox's William



Sault's politics and scandalous phone

McQueen said that the complicated case, which produced evidence that the attorney general had used to tamper with justice in the prosecution of a former cabinet colleague, "has all the elements of an interesting political scandal." However, McQueen added that *A Current Affair* "will stay away from the nuts and bolts, and give a lighter treatment to the whole mess of politics, media, romance and scandalous phones." The approach will take sometime this month. Suggested title: *Sex, Lies and Audio Tapes*.

## Getting away from it all

The standoff in Oka has ruined the holiday plans of people on both sides of the barricades. But Georges Erasmus, national chief of the Assembly of First Nations, managed to take a two-week vacation at the height of the crisis. The senior spokesman for Canada's native people was in Atlantic Canada from July 14 to 30. Erasmus said that he remained "intimately involved in all decisions made." But active people close to vice-chief Ovide Mercredi say that he was not pleased about being left without a leader during the crisis. There is no rest—not even for the well-intentioned.

## THE MAN TO BEAT

A SOVEREIGNTIST  
CANDIDATE LEADS  
THE FIELD IN A  
CRITICAL FEDERAL  
BYELECTION IN  
QUEBEC

Each Day at Montreal's vast and historic Marcé park is an annual event, offering the residents of the surrounding area of red-back tomatoes a brief enthusiastic respite from the winter city heat. It is not normally the kind of event that draws a big crowd. But with the people of the surrounding ending of Laurier/Site-Marcé preparing to vote in an Aug. 13 federal byelection, there were several politicians on hand last week, drawing their families with them to the park, serving free hotdogs and frolicking with children on the meadow of the park's tiny swimming pool. The most prominent among them was Lucien Bouchard, the former federal environmental minister who resigned from the Conservative party in May. He now leads the anti-secession pro-sovereignty Bloc Québécois in Parliament, and he is looking forward to the byelection as an opportunity to gain an eighth mandate. "This time because this place is obviously very important right now," said Bouchard as he strolled in short sleeves during the grocery, accompanied by his wife Audrey and carrying his infant son. "We are doing these people a lot. We want them to help decide the future of our nation."

For Bouchard that vote in Quebec—And when the 53,000 voters in the working-class riding go to the poll on Monday to elect a member to replace Jean Claude Malgouyres, the popular Liberal who lost a long and courageous battle with cancer last November. They will provide a clear indication of the current sentiment in the province. It appeared to be in Bouchard's favor. Under the banner of the newly formed Bloc Québécois, a coalition of one former Liberal and six former Tory sons, sovereigntist Gilles Duceppe gave a strong opinion poll lead among the field of seven byelection candidates. A Bloc Québécois victory would clearly send shock waves through the established parties,



Duceppe (center) with Audrey and Lucien Bouchard: 'the future of our nation'

especially Prime Minister Brian Mulroney's Conservatives and the avowedly federalist Liberals under new leader Jean Charest. And it could well prove critical for the Bouchard group's victory on the continuing debate to change the Canadian constitution and define Quebec's future in the aftermath of Meech Lake talks. As Bouchard himself said, "If we lose here, it will be a blow."

Still, even many of Duceppe's rivals conceded that he was the man to beat. While the estimates vary, almost all the polls put him in first place. Last week, a survey published in a local rating newspaper found Duceppe favored by 38 per cent of voters polled. He was followed by the Liberals' Denis Coderre with 14 per cent and New Democrat Louise O'Neill with 11 per cent. Conservative Christian Fortin trailed far behind with a mere three per cent—a clear measure of the challenges facing Mulroney in Quebec in the wake of the Meech Lake accord's failure. "I have been going down to door to door the last week, and I can find hardly anyone who is not going to vote for Duceppe,"

claimed François Gagné, the MP for Mégantic/Compton/Ste-Anne and former Tory who now sits with Bouchard's sovereigntists in Ottawa.

If successful, Duceppe would be the first member of Bouchard's group to be specifically elected to the House of Commons on a clear sovereignty ticket. The 43-year-old union organizer is the son of Jean Duceppe, a leading figure in Quebec theatre and a member of the cast of *The People's Family*, a highly popular sitcom program in the 1950s, and himself an outspoken nationalist. The slim, prematurely greying younger Duceppe is an official with the nationalist Comité d'industrialisme des syndicats nationaux—a Quebec labor umbrella organization—and chair spokesman for Montreal's hotel workers. Widely labelled as "Lucien Bouchard's candidate" as the province's French-language media, he was handpicked by Bouchard after two former Parti Québécois provincial cabinet ministers—Denise Labèque-Ribeault and Marcel Lévesque—declined not to run in the byelection.

But Duceppe is not the only candidate

running on a sovereigntist platform. In fact, five others—the Tories' Fortin, New Democrat O'Neill, the Green Party's Michel Stiebo and independents Mylene Robitaille and Daniel Perron—also support a new form of independence. That overwhelmingly nationalist state has staked hopes among Liberals that the sovereignty vote could be split—enabling Coderre to squeak to victory on his federalist ticket.

A party 27-year-old, Coderre was one of the original national members of Charest's unsuccessful campaign to win the party's federal leadership. Although he campaigned in favor of Quebec sovereignty in the 1980 referendum, he claims since then to have gradually evolved into a federalist and describes himself as a "provincialist federalist." A former president of the province's young Liberals, he rose—and fell—in his native Joliette riding in the 1988 federal election that saw Mulroney's Conservatives virtually sweep the province.

Now, about two years later, many observers predicted that Coderre was again destined to lose. For one thing, they argue that the old-style federalism of former Trade and cabinet minister Charest has lost favor in Quebec—and nowhere more so than in Laurier/Site-Marcé. The riding, Montreal's poorest, has always been prone to nationalist sentiment. Malgouyres, instead, who held the riding from 1979 until his death, was an avowed sovereigntist who said that his continued support for the federalist cause depended on the successful outcome of Meech Lake. And his constituency, which has just east of Montreal's downtown core, was among the first to elect Parti Québécois, spokesman to the provincial National Assembly.

All the same time, though, the riding includes concentrations of francophone ethnic voters who do not necessarily share the sovereigntist cause. Montreal's Chinatown lies in Laurier/Site-Marcé, as does a large part of the city's Portuguese community. There are also pockets of Polish, Ukrainian and Italian residents. "I think it would be a mistake to write off Coderre," said Alfonso Guiseppe, Liberal MP for the neighboring riding of St-Léonard, the

stronghold of Montreal's Italian community. "We have eleven all the ethnic vote. And we are better placed to appeal to the majority of the people here—who are poor and not as much interested in politics and sovereignty as they are in bread and butter issues."

For his part, Bouchard acknowledged that unless other than sovereignty may indeed prove to be important in deciding the election outcome in Laurier/Site-Marcé. "It would be very dangerous for us to assume that we can win here without paying close attention to all of the other legitimate concerns of these people,"



Coderre's 'provincialist federalist' Liberal candidate

and the former conservative minister. As a result, although the Bloc Québécois campaign has focused primarily on the need for Quebec independence, it has not completely ignored pressing local concerns such as adequate housing, employment and welfare. But in the end, the sovereigntist message remained the same only with sovereignty could Quebecers achieve their past dreams.

BARRY CAME in Montreal

## National Notes

## ELECTION CALL

Outran Premier David Peterson called a provincial election for Sept. 4, three years into a five-year mandate, instead of waiting the usual four years. Bids for Leader Bob Rae and Conservative Leader Michael Rempel crossed Peterson off trying to take advantage of his popularity while the provincial economy is strong and before details emerge from an investigation into charges of misuse of a charitable foundation's funds for political purposes. Peterson, whom Liberals have 93 seats in the 120-seat provincial legislature, said that he needs a new mandate to meet "future challenges"—among them the need to protect the environment.

## ARREST ON GUNS

A spokesman for Justice Minister Kim Campbell said that Ottawa plans to announce a amnesty to allow Canadians to hand over unregistered or illegal guns without penalty.

## DISBANDING CANADA'S FUTURE

During a visit to his home riding of Chatham-Kent, Prime Minister Brian Mulroney said that the federal government and all provinces will be involved in an open debate over Canada's constitutional future following the death of the Meech Lake accord. Asked the Prime Minister, "You can take it for granted that I will not be visiting the grocery list missing from Quebec."

## SMUGGLING BY SEA

The RCMP charged 15 men with drug offences after seizing 27 tons of hashish from two fishing boats off the coast of Cape Breton Island and from rental trucks in Nova Scotia and Quebec.

## REFUGEE VICTORY

Immigration Minister Barbara McDougall ruled that an Iranian woman fleeing, among other things, the harsh rules imposed upon women in Iran, will be allowed to remain in Canada on compassionate grounds. Authorities had turned down a request by Anita Sawada, 25, for refugee status, but she had threatened effects to report her by refusing to get on a red bus to Iranian passport photo—as required by the Iranian Embassy.

## A QUESTION OF CREDIBILITY

Prime Minister Jean Charest told reporters that recent results in government's first-assessment poll ratings allegations against him by former deputy prime minister Jean-Jacques Miché (Zavoli). But Charest added that he was reluctant to respond to some of the accusations because, he said, "I don't even know whether I'm credible."



# McLaughlin's mission

The NDP leader gets mixed reviews

Audrey McLaughlin bounded between the racks of shoes to reach a tailored evening strapless on a black 1,100-metre-long runway by a cash-strapped Ontario. "I'm the leader of the New Democratic Party and this is a campaign for the Aug. 13 federal election in Ontario," said McLaughlin, spinning the microphone. "Have you come too? Where are you going? Is this fair effort to me?" Giddy fans shook by the sudden onslaught of questions at a summer outdoor sale, the women who identified herself as Lee, agreed that she had just finished a hard three-day ride from Calgary, was newly married and about to meet her in-laws, had owned

NDP before her retirement. McLaughlin delicately displays her public position in order. Instead, she relies on the strength of voice, expressed and aggressive, oscillations of her caucus to score political points. Some New Democrats expressed reservations about the new leader—largely because of the extent of her commercial style—but, for the most part, they enjoyed the change. Said Kathleen McNeil, NDP House Leader Nelson River: "Audrey looks smart, she's got a political sense. Because of her, however, we are turning the caucus into a fairly hard-core operation—as opposed to an Old Boys political club."

But NDP members say that they are con-



Burrett galvanised by leading the NDP's campaign against the GST

vinced because that positive message is not reaching the disgruntled electorate. They add that she has been treated unfairly in the media. Five months after her election, six newspaper headlines described her campaign with the headline: "From hero to zero." Another recent article described her July 10 speech to deliver food to the Malakwal on the barricades at Oka, Ont., as a food-peddle publicity stunt. And some prominent New Democrats say that McLaughlin must turn her attention to supporting her public standing. Said Robert White, leader of the Canadian Auto Workers Union: "At the end of the day, Audrey will probably decide that she—and not other caucus members—needs to make the high-walkway announcements."

Criticism of McLaughlin has also been fuelled by the lack of movement in public opinion polls. Although the party enjoyed a record high of 41 per cent in July 1987—the highest rating for the NDP in its 30 years of existence—during Burrett's final days as leader, it had fallen to 25 per cent—a figure

that has not improved significantly under McLaughlin. Indeed, although the party's popularity rose to 27 per cent in February, according to a July Gallup poll it has now fallen to 23 per cent—about at the Tories at 18 per cent, but well behind Chretien's Liberals, who led with 49 per cent.

McLaughlin's personal rating was also low in that poll. When asked which political leader would make the best prime minister, only 16 per cent of respondents picked her, ahead of Prime Minister Brian Mulroney's 14 per cent, but well below Chretien's 30 per cent—and significantly less than the 36-per-cent rating enjoyed by Burrett in his peak in 1987. But, said Mrs. "I took 60 Burrett, a full decade before people felt comfortable calling him Uncle Ed." And Loren Burrett, vice-president of Gallup, noted that Burrett's popularity had swung wildly, to a plateau just below 20 per cent from a low of five per cent. Said Burrett: "In that light, Audrey is right on track. It's she a foster of themselves and leads the initiative there or four times, the numbers will move."

In fact, McLaughlin appears unswayed by either the polls—or her critics. "My objectives are the first six months were to get my personal effort functioning, to select my style and to make my caucus," the 50-year-old leader told Maclean's. "I know what I'm doing." For one thing, she has shifted the power base of the federal party in Ottawa from the clutches of advisers who ruled during the last half of Burrett's tenure to a broader network of 400 party members and local contacts. Indeed, according to Leo Givens, Canada director of the United Brotherhood of America, relations between the NDP and organized labor have never been more congenial. "There is a possibility that Audrey can be what we want," said Givens. "She needs to develop her speaking style, but her personal relations are just fantastic. She's got us on board."

McLaughlin's personal accessibility—and what NDP members describe as an unusual thoughtfulness—is in step with the greater degree of openness within the party. The divorced mother of two grown children often walks the street blocks between her Parliament Hill office and her small apartment in Ottawa's bustling Bytown neighbourhood. Caucus members frequently find personal notes attached to official correspondence from the leader. But NDP members are also clearly focused on work. Said D.C. MP James Pithers, Audrey's strongest ally in the House: "The caucus has a tremendous capacity for work with an ability to discuss very deeply with people their own personal interests."

At the same time, she has unified a divided



McLaughlin talking with 'Lee' in Ontario: relying on more experienced members of the caucus to score political points

caucus in the aftermath of the Winnipeg convention by shrewdly delegating responsibility and exposing the status of individual members. "Audrey's style is often viewed as a lack of policy or direction," said political scientist Alan Whitelaw, speaking at the NDP at the Royal Military College in Kingston, Ont. "To the contrary, her deliberately decentralized and consensual style fits ours as the newer evolutionary wave of 1990s socialism."

That approach appears to have produced some positive results. For one thing, many observers expected the campaign, Vancouver Island MP and former B.C. premier David Barrett to leave the federal arena after his leadership loss by 244 votes to McLaughlin. Instead, colleagues say that Barrett has been galvanised by being able to lead the war's fight against the government's Goods and Services Tax (GST), scheduled to take effect on Jan. 1. With McLaughlin's encouragement, Barrett teamed up with the Ontario Aggravated Truckers' Debt Alliance. Barrett is now what caucus members call "the canny boy." Their caucus action during a three-week political siege of the parliamentary committee hearings on the GST—including a 10-hour filibuster—grabbed headlines and effectively stalled the parliamentary progress of the tax bill. "The assumption was that I had lost control to the two," McLaughlin said. "But only did I let them do that, I planned it. We're a small caucus and we have to use our strengths where we've got them. That, to me, is the sign of a good leader."

But other leadership decisions that McLaughlin has taken have not received reac-

tions. In the spirit of consensus, McLaughlin asked caucus members to solicit their views on her economic strategy—in three sessions a December Toronto MP David Hogg: "I could no longer act on my ideas on the economy in three pages, let alone three sentences." Burrett, his auditor, says that he is frustrated at what he sees as the party's unforced discussion with facing a consensus and unforced growth on every issue. Added the Mr. who supported Barrett and who once accused McLaughlin of surrounding herself with "yes-men": "There comes a time when the politics of consensus have to override the politics of consensus."

Most caucus members say that whatever internal differences still exist in part as a result of the radical change in leadership style under McLaughlin. Said House Whip MP Steven Leacock, who finished third in the leadership race and now says that he is watching McLaughlin's development with admiration: "There are probably some people in the party who feel Audrey is going to fall flat on her face. They are uncomfortable with her freewheeling style of leadership that gets away from the main-line of the party." But others have more specific concerns, comparing McLaughlin's awkwardness in front of TV cameras unfavorably with Burrett's relaxed approach at his time, or contrasting her conciliatory style to Barrett's more aggressive demeanor.

Still other party members say that they are uncomfortable with McLaughlin's tendency to give too much authority and responsibility to her colleagues. This week, at the critical walk-up on Aug. 13 to electors in Burrett's former

riding of Ontario and Burrett's former Ontario-McLaughlin in Ontario, speaking as the only elected Canadian leader at an international conference on Aboriginal women's rights. Her presence would likely have little effect on the Montreal campaign, in which independent sovereigntist candidate Gilles Duceppe enjoys a strong lead in the polls. But some New Democrats were clearly concerned about her absence from Ontario.

Although the NDP is fielding a strong, high-profile candidate—Michael Bough, the local minister of the provincial legislature since 1975—the Liberals still heavily and sent in money as 50 seats, as well as Chrétien, who is looking to support their candidate, school board trustee Kirby Giffen. McLaughlin campaigned with Bough three times, but some observers still said that she was taking a risk in leaving the caucus during such a crucial by-election. Said one senior NDP official: "We are prepared to lose in Quebec. But to lose Ontario would be a strike at the very heart of the vote."

Still, the biggest test of McLaughlin's freewheeling leadership will come when Parliament reconvenes in the fall. It is then that both the party and its leader will have to turn outward to deal with the larger issues that face them: the threat of the Liberal Party in the West's resource-rich provinces, the bleak prospects in Quebec and the question that the new is a destruction party led by a political neophyte. It is then that Audrey McLaughlin will have to prove that she does, indeed, know what she is doing.

E. KAYE FULTON in Ottawa



PHOTO BY AP/WIDEWORLD

Kumar (left) and Henderson at the SkyDome: critics say the money should be spent fighting Toronto's urban problems

## Striving for the gold

*Toronto bids for the 1996 Summer Olympics*

**T**he twosome stood on the spongy Astro-Turf gazing up at the glass windows of the SkyDome Hotel, which forms the back wall of the \$5,300-seat stadium where the Toronto Blue Jays baseball team battles its American League rivals. Paul Henderson, a Toronto businessman and chief architect of the city's campaign to host the 1996 Summer Olympics, was explaining to Ashwin Kumar, India's representative on the International Olympic Committee (IOC), how the domed stadium would make an excellent Olympic site if the Games were held in Toronto. But Kumar, who will meet with 87 other IOC members in Tokyo next month to award the Games to one of six competing cities, had a more urgent matter on his mind. "Was this the place where two people made love in the window during a ball game?" asked the 69-year-old Kumar, grinning at the hotel as amusement. Henderson replied in the affirmative, graced Kumar's arm and poked. "When you get power runs, Ashwin, you'll have to remember to keep the curtains closed."

The exchange was customary of the good-natured banter that Henderson uses as he tries to sell Toronto's Olympic bid to visiting IOC members. As president of the Toronto Ontario Olympic Council, the city's bid team, Henderson has copied various levels of government,

recruited corporate sponsors and wooed about 75 of the IOC's members in pursuit of Toronto's Olympic dream. A parishian who served as Canada's sitting man at the 1964, 1968 and 1972 Olympics, Henderson has a robust style that has sparked controversy.

But Toronto has mounted one of the strongest bids in a field of competitors that includes Athens, Atlanta, Melbourne, Australia, Manchester, England and Belgrade, Yugoslavia. Among the leaders of Toronto's proposal, which received final approval from city council in April, are Olympics that will produce a \$19-million profit, a new \$5,000-seat Olympic stadium and \$2 billion in spin-offs for the Ontario economy. Coached Kumar: "You have an excellent bid."

Kumar and his IOC colleagues, who are chosen to sit on the top Olympic body after a series of secret ballots on Sept. 18, in Tokyo, Athens is the sentimental favorite. The marathon run was born there at 480 BC and 1996 marks the 200th anniversary of the birth of the modern Games in that city. But Athens is suffering from traffic congestion, poor facilities and concerns about Greece's ability to guard against potential terrorist attacks.

While that city is currently spending \$2.5 billion just to upgrade its airport and infrastruc-

ture, Henderson says that Toronto already has modern facilities and excellent security. As well, because Toronto is in North America's eastern time zone, it could draw more lucrative television rights—a powerful inducement for IOC members since the committee receives 40 per cent of those revenues.

To make the final arguments for Toronto's case, Premier Donald Peterson is scheduled to head a 70-member delegation to Tokyo. It will include Henderson, Toronto Mayor Arthur Egerton and corporate supporters such as Ontario Premier Ernie Eves. Another possible delegate is Prime Minister Jean Chrétien, but he had not confirmed his plans last week.

Toronto's Olympic campaign has also attracted some dedicated critics who charge that the Games would consume scarce public and private funds that could be better used to fight Toronto's growing urban problems. Said Michael Sheppard, spokesman for Broad St. Causes, a coalition of 56 community groups opposed to the Olympic bid: "We are not against sport—we are opposed to billions of dollars being spent on a 16-day sports spectacle at a time when money is needed for poverty, housing and the environment."

Critics also say that the civil and revenue projections of the Toronto bid are confusing. To mount the Olympics, Toronto would have to build three major facilities: a \$135-million Olympic Stadium, which would replace a 42-year-old facility on the Canadian National Exhibition grounds; a \$64-million, three-pool aquatic complex to be built at Ontario Place, a lakeside tourist attraction; and a \$10-million velodrome for bicycle races. Olympic athletes would be housed in 5,700 apartment units as



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two downtown areas, which are already in various stages of development.

According to the Toronto committee's official bid book, the overall cost of the Games would be \$155 million, with revenues of \$1 080 million, producing a profit of \$110 million. But in January, a report by the City of Toronto's commissioner of finance, George Clarke, reached a different conclusion. It said that when estimates of indirect costs such as housing (which the Olympic bid officials note is being built, whether or not Toronto gets the

way that "a professor talks to a student." As well, Henderson pointed out that the potential for revenues from corporate leases is discounted in a document that the Toronto bid committee sent to four of the 13 members of the IOC's executive board last year. And in April, Henderson also discovered corporate bid revenues with IOC officials. "So who is trying to hide anything?" said Henderson. "I can't defend every bidmaker's gap I make." Still, Bissal and Corcoran sent a transcript of the interview to all of the IOC's bid organizers and president

to see from the provincial government, \$2.4 million from Ottawa and the rest from more than 40 corporate donors. A millionaires from Henderson wrote 40-hour weeks on the bid and rebuffs to cover any leak.

Meanwhile, the 25-member staff accounts that visiting IOC members receive rapid treatment. Used steps on members' elevators. Toronto's Blue Jays games viewed from Prince Pearson's box at the SkyDome with a meal with the Ontario leader at the Queen's Park legislative office. Last week, Kerner and Bridge were treated to lunch at The Toronto Hunt, a private club where members pay \$15,000 in initiation fees, and the best seats for a performance of the international hit musical *Phantom of the Opera*. In the evening they went sailing aboard the *Caribana*, a 30-foot yacht owned by coach Henderson's friends, before dining at the Yorkville Club. As well, Henderson's staff dined at Bridge to Niagara Falls "just as I could see," the Janssens said.

But sometimes, IOC members' requests go beyond mere courtesy. One associate of Henderson's arranged a job interview for the grandson of a South American IOC member at the prestigious Toronto law firm Tory, Denison & Baughman. "He wanted to work in a law office here for six months," Henderson said. "So a lawyer we were traveling with got him an interview with a couple of law firm firms. I don't view it as a favor. It would happen anywhere."

Still, Toronto's extraordinary success compared with Atlanta's high-powered bid. In that city, bid organizers have lured IOC members around in stretch limousines with police escorts and treated them to marching bands and dinners in the gold-medal suite that he belonged to William P. Miller, who died in February. At the stadium at the Georgia Institute of Technology, engineers choreographed hundreds of students dressed in multi-colored jumpsuits to form the freestyle Olympic symbol before 18 IOC members in the reviewing stand. Olympic boosters claim that they have won strong support among African and tropical nations because of former mayor Andrew Young's prominence as a black spokesman. Said Anne Mathias, an IOC member from Togo: "Any man who has helped further the cause of black people interests me."

But with only six weeks to go before the showdown in Tokyo, Atlanta's organizers were citing Toronto as their closest rival, with Melbourne trailing a close second and Athens as a wild card. "I've been told of William Pyle, head of Atlanta's bid committee. For his part, Pyle has said that Atlanta needs a professional favor from the IOC. "If they decide that Atlanta is up to the job, then it's all over on the first ballot." No matter which city wins, Henderson's strategy will soon come to an end. Toronto's bid, he says that he will "go back to the disclaiming school" and leave down any offers to act as the Olympic chief organizer.

He said, "I'm not sure if you're a member. Since then, he has built a \$14-million law office for Toronto's bid, with \$2.1 million in contribu-

PAUL KAGELA AND ARRY ROUGHTON JR. in Athens



Henderson on the Toronto bid team, donors and reception to two delegates

General's taken into account, the Games would cost all levels of government \$2.52 billion, against revenues of \$2.43 billion, leaving a deficit of \$90 million. Said Bruce Kidd, former Olympic long-distance runner and a member of the Toronto Olympic Council's board of directors: "As with any public budget, there is a lot of difference in application. But I have no doubt that the Games will break even. I support the Toronto Olympics."

In January, Henderson told a York University student in a taped conversation that the Olympic council had informally not listed about \$70 million as potential revenues from the rental of corporate boxes in the SkyDome to its official bid book. According to tape excerpts, which the student later gave to Bissal and Corcoran and reporters, Henderson said, "We've kept that out of our documents" because the Canadian Olympic Association and the IOC would automatically take a share. He added, "If you make a profit, 50 per cent has got to go to the Canadian Olympic Association in any event on whatever they do with it, and another 30 per cent has got to go to the International Olympic Committee, who have got more money than they need. So any job is to keep as much money as Toronto is able to."

But Henderson told reporters last week that the transcript is misleading. For one thing, he says that his documents with the student dealt only with hypothetical scenarios in the

Juan Antonio Samaranch. Said Kidd, now a professor of physical education at the University of Toronto: "Some IOC members are going to be offended by the statement that the IOC already has too much money. But they know that each bid city is going to fight like hell to keep the money in their communities."

Last week, IOC members visiting Toronto showed no signs of concern over Henderson's remarks. In fact, his personal knowledge with many IOC members may be one of the city's strongest selling points. Henderson and Kerner have been friends for almost a decade. Said Kerner, after his tour of the SkyDome last week: "You know what the most extraordinary thing in this building is? Paul Henderson. I mean that." And at a reception at Toronto City Hall for Kerner and two other IOC members, Janssens's Anthony Bridge complimented Henderson for keeping the campaign low-key. "On one hand he is saying, 'You have to vote for me,'" said Bridge. "Some cities try a high-pressure approach, and it doesn't always work."

Henderson, 52, has tried to bring the Olympics to Toronto before. He worked as a volunteer as a bid for the 1976 Olympics, but the Games went to Montreal that year. In 1985, Henderson decided to pursue the Olympics as an official bid for the 1996 Summer Olympic Games. He had a \$14-million law office for Toronto's bid, with \$2.1 million in contribu-

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# Barricades of hate

Tensions mount over the Mohawk blockades

Earlier this month, members of the Kahnawake Indian reserve's militant Warrior Society blockaded the Mercier Bridge leading Montreal to communities on the St. Lawrence River's south shore last month. Federal Conservative MP Ricardo Lopez has made his position on the issue clear. Lopez, who represents the south-shore bedroom community of Châteauguay, where the blockade has seriously inconvenienced hundreds of residents who commute daily into the city, consistently called for the intervention of the Canadian armed forces to end the crisis. Last week, the Tory backbencher's campaign grabbed a sudden attention when more than 10,000 Châteauguay-area residents briefly overwhelmed a police barricade on the fringes of the Kahnawake reserve such, like Lopez, called for the army to clear the bridge. Declared Lopez, who got a hero's reception when he joined the demonstration: "The people are now enjoying the same baggage train, I am very happy."

Indeed, the tone and content of public debate over the Mohawk issue reached a dissonant—and potentially dangerous—pitch last week. Quebec police maintained their battle stations around Kahnawake, blocking approaches to the Mohawk-held south end of the Mercier Bridge, and at the Kanawake Mohawk community at Oka, Que., 30 km west of Montreal. Tensions were equally high in Oka, where the current crisis erupted on July 11 with a failed police assault that left one officer dead and resulted in Mohawks and police facing off behind barricades on the main road through town.

At a local council meeting, several hundred townspeople voiced their frustrations at the devastation that the blockade has caused to Oka's tourism-based economy. And within the Mohawk community, gunfire broke out for the first time in three weeks as the Kanawake council's Chief George Martin and his supporters feud with militant Warriors, most of whom have moved into Kanawake from other Mohawk reserves, including Kahnawake and Akwesasne, near Cornwall, Ont., to maintain the barricade.

No one was reported injured in the incident, but Martin later told reporters in Montreal that his home had been ransacked and described the Warriors as agitators. Added Martin: "This is my reserve—this is not your reserve. Get the hell out!" For its part, the Mohawk Nation Office representing the Indians at the barricade

responded in one statement that the problem arose because an associate of Martin's brought liquor into the community—something frowned upon by the Warriors. The statement added: "In the meantime, shots were fired into the air. The situation was brought under control."

As the standoff entered its fourth week, slow negotiations continued between the Mohawks and Quebec officials to remove the heavily armed Mohawks and police barricade at Oka and the bridge. But the pace of the talks was not enough for some Quebec residents in the Châteauguay area, further demonstrations followed on the heels of the Mercier Bridge



Confrontation at the Mercier Bridge: "The people are just fed up with the Mohawks"

prompted a angry south-shore residents blocked access to Martin's Châteauguay Bridge as an attempt to draw attention to their plight.

Oka residents, meanwhile, tend to discuss a federal government plan to deal with the disputed land at the heart of the conflict—95 acres that the Mohawks claim as their own but that the town council wants to use to expand its municipal golf course and enlarge a housing development. Ottawa's proposal that it pay \$1.5 million to Oka—one top of another \$1.4 million paid to a private French developer for another section of disputed land—then turn the area over to the Mohawks. But Oka residents vetoed that proposal, saying that no negotiations could take place until the Indians departed and left their barricades. Declared Oka councillor Rijkman Lacocque: "The people are just fed up with the attitude of the Mohawks. If you loved them, you would understand the frustration."

The divisions within the community became glaringly apparent after the meeting when an anti-protest owner, Jean-Pierre Mercier, who had expressed sympathy for the cause, had the front window of his store smashed. And Pierre Morin, an Oka resident who opposed the golf course expansion, told Morin's that he has asked for police protection against residents who threatened to lynch him. Said Morin: "We are going through a serious crisis here that is insupportable."

Meanwhile, both federal and provincial officials said last week that they would welcome the involvement of the Pan-Canadian International Federation of Human Rights, which is assembling a 24-member delegation to travel to Canada where the Mohawks agree to dismantle their barricades. The federation's secretary general for international relations, Jean-Charles Boquet, who has spent eight days behind the barricades, said last week that both the Mohawks and non-Mohawks had been guilty of human rights abuses. Still, he added that the involvement of international observers would

be to the Indians' advantage. Said Boquet: "They feel they will not be rolled up and find while international observers are watching."

But the armed standoffs are also attracting the attention of other native leaders in Canada. One Cree leader from Quebec's James Bay area, Matthew Coon-Coxe, predicted that youths might be encouraged to take up arms to defend their land as the face of the Quebec government's continuing hydroelectricity megaprojects in the region. And Georges Erasmus, national chief of the Assembly of First Nations, added that other aboriginal lands may have to take militant action to resolve their land claims. Said Erasmus: "We have reason to be concerned that peaceful negotiations are not working." The danger remained that those attitudes may become the legacy of Oka and the Mercier Bridge.

DAN CURRIE in Montreal

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# TYRANT OF THE GULF



**WITH HIS CONQUEST OF KUWAIT, IRAQI LEADER SADDAM HUSSEIN BECAME THE REGION'S MOST POWERFUL DESPOT**

**H**e was born into obscurity and poverty 53 years ago in a nondescript village on the banks of the Euphrates River. He became a modest revolutionary in his late teens and he spent much of his 20s on the run from the authorities. After his revolutionary cause triumphed in 1968, he rose to supreme power, seizing the destiny of his country as a grip that tightened steadily in the following years. Driven by ruthless ambition, he became the Arab world's most potent

despot, transforming his country's army into the region's most powerful military machine. And last week, Iraq dictator Saddam Hussein al-Takriti went one giant step farther: Overruling the neighboring emirate of Kuwait in what President George Bush called an act of "outright aggression," Hussein made himself the strongman of the Persian Gulf—on whose economies the developed world largely depends.

Within hours of the Iraqi invasion, Israeli Defense Minister Moshe Arens referred to Hussein as the Adolf Hitler of the 1990s and declared that he must be stopped at all costs. Although Israeli politicians often compare him to the most unlikely of their Arab foes to the late Ben-Gurion, the comparison seemed appropriate. For its ruthless boldness and shrewd calculation of the likelihood of an ineffective response from the rest of the world, Hussein's invasion did, indeed, have an eerily Hitler-like quality.

Certainly, the problems strike that overran the tiny kingdom in a mere nine hours on Aug. 2 plunged the region into crisis and the world's large oil sheikhs (page 33). The prospect of U.S. military intervention seemed entirely in the light, but the invasion set in motion a process that, because of its effect on oil

prices—its almost immediate \$3-a-barrel (U.S.) increase to world markets—could have far-reaching effects on an already faltering global economy (page 38).

Hussein, whose first name, Saddam, means "one who confronts," was demonstratively self in character when he sent his tanks rolling over the territory of his small but wealthy neighbor. In recent months, he had provided evidence of the ruthlessness that has earned him such nicknames from his enemies as the Butcher of Baghdad and the Bully of the Gulf. Still, the invasion was clearly a surprise to most analysts. Many of them had said that Hussein was overly cautious—till last month when he massed 30,000 troops on the Iraq-Kuwait border before a meeting in Geneva of the 13-member Organization of Petroleum Exporting Countries (OPEC). He later accused their members to 100,000 that week, in a speech with Kuwait over oil, cash and territory.

**Bleeding** But Hussein was not bluffing. Earlier, he had introduced long-range missile warfare to the Middle East during the bloody conflict with Iran that he initiated in 1980. He used chemical weapons against the Iranian military and killed thousands of his own Kurdish citizens with nerve gas in March, 1988. As well, he flouted world opinion by executing an

Iraqi-born Israeli reporter for alleged spying last March, and launched an all-out campaign to acquire nuclear weapons and a so-called *deserting* gas.

The ruling al-Sabah family of Kuwait had been among Hussein's fiercest supporters during his eight-year war against Iran, which ended in an armistice in 1988. During that war, Kuwait and the other conservative kingdoms and emirates of the Gulf sent Baghdad billions of dollars in low-interest or interest-free loans. They also shipped vast amounts of war material to Iraq. But, in mid-July, Hussein repudiated that support by launching a famous propaganda assault on Kuwait and the neighboring United Arab Emirates (UAE).

He accused them of draining down world oil prices by exceeding the agreed OPEC production quotas, costing Iraq revenues totaling more than \$16 billion over an unspecified period. He also accused Kuwait of "stealing" \$2.4 billion worth of oil by extracting it from disputed territory along their common but ill-defined border. And he demanded that Kuwait should forgive repayment of loans, estimated to be worth between \$10 billion and \$20 billion, that it made to Baghdad during the Iran-Iraq war.

At the July OPEC meeting, other members of the cartel easily convinced Kuwait and the rest that satellite reports say have indeed been over-producing by more than one million barrels a day, to agree to cut back production and stabilize oil prices.

Later, Iraqi Oil Minister Ghaithan Raza Alghandani said, "This time, I am 100-per-cent sure that quotas will be kept." Meanwhile, Iraq pressures a secret agreement on a new target price for oil of \$21 (U.S.) a barrel (about \$24 O.E.C.), an increase of \$3 from the \$18-a-barrel benchmark that crisscrossed in 1984.

But Kuwait's conciliatory behavior failed to defuse the dispute with Iraq. The state-controlled Baghdad media kept up their propaganda campaign against Kuwait, even after its representatives agreed to negotiate the other points in dispute. Talks opened in Jeddah, the Saudi summer capital, last Wednesday, but broke down quickly when Iraq accused Kuwait of not negotiating seriously. Within hours of the breakdown, the Iraqi armored columns, supported by jet fighters, bombers and helicopter gunships, pushed across the border.

**Warfare.** While governments around the world, including Canada, denounced the Iraqi invasion and the United Nations Security Council condemned it, the Iraqi people reacted with apparent enthusiasm. In Baghdad, hundreds of motorists looked their horns in celebration of the military action, which gave their nation of 27 million people direct control of 20 per cent of the world's oil resources. The comment of Baghdad college student Ahmad Khuda appeared to reflect Iraqi opinion. Said Khuda: "The Kuwaiti rulers deserve what [Hussein] has done to them. They have let their oil to Iraq, but it was Iraq that

**Masses with troops (left): Iraqi firepower: 'one who confronts'**



## World Notes

### MASSACRE IN LIBERIA

In what they described as the worst brutality in Liberia's seven-month-old civil war, eyewitnesses said that troops led by ousted President Samuel Doe slaughtered at least 900 refugees in a church outside the capital, Monrovia. Two rival guerrilla forces led their way into Monrovia, and diplomats said that it was only a matter of time before one of the groups killed, captured or forced Doe to flee the West African country, which was founded by freed American slaves in 1847.

### PETROBIA TALKS ON TRACK

After a seven-month hiatus, President F. W. (Ferdinand) Kérékou, who had caused policy disagreements of a Communist party to overthrow the anti-communist government, Moussa Moudou, announced that preliminary peace talks between President and the African National Congress "will go ahead in good spirit." Moudou said that de Kérékou had dropped his demand that Joe Nkomo, an ANC member and leader of the South African Communist party, be excluded from the talks. Moudou and Nkomo have denied planning an intervention.

### A COMMUNIST VICTORY

Malawi's ruling Communist party won a majority in the Asian nation's first free elections. Preliminary results showed that the Communists won about 80 per cent of the seats in the powerful lower house, the South House, and 45 per cent of the 482 seats decided in the 400-seat upper house, the Great People's Council. Sri Lanka, foreign diplomats said that the Communists, who ruled unchallenged for 49 years, lost more power than expected to newly elected democratic parties.

### ELECTIONAL AGREEMENT

East and West Germany signed a treaty governing free elections in a unified state, although a date for the poll has not yet been decided. The treaty treats a West German provision requiring political parties to obtain at least five per cent of the combined national vote to gain representation in parliament. Remaining to be settled is the election treaty, now under negotiation, which will set terms for the legal and constitutional merger of the two states.

### DEATH IN THE MOSQUES

Guerrillas armed with machine guns and hand grenades killed as many as 160 praying Muslims in raids on two mosques in southern Sri Lanka. Military officials blamed a Tamil separatist group, but a spokesman for the organization denied its members were involved.

## 'THE BUTCHER OF BAGHDAD' USES RUTHLESSNESS AND BRUTE FORCE



Kuwait oil refinery: An-raging concern for the faltering global economy

defended their throned and wealth with blood."

Any Iraqi with contrary views will likely remain silent. In Hussein's harsh police state, dissent is not tolerated, and the president, whose mannered, polite demeanors from his hours in oil over Baghdad, is regarded with a mixture of fear and admiration. The fear stems from the knowledge that his secret police, estimated to number at least 100,000, are everywhere and that torture and execution are the commodities of anyone who opposes the regime.

The education is a result of the way in which Hussein has raised Iraq to the status of an Arab superpower capable of humiliating the neo-Arab Islamists in the Gulf War since then claim that, with their standing army of one million soldiers equipped with state-of-the-art weaponry, Hussein has made them the only Arab nation able to pose a credible challenge to the armed might of Israel.

**Revolution:** Hussein was born in April, 1937, in the village of Tikrit, 180 km northwest of Baghdad. His father, a peasant, died when he was only nine months old, and Hussein was raised by an uncle. He did not begin his schooling until he was nine years old. But, at 18, as a student in Baghdad, he entered the world of revolutionary politics, joining the Baath socialist party, which preached Arab unity and social equality.

In 1959, the young Hussein took part in an attempt to assassinate then-Prime Minister Abdul Karim Kassam. The prime minister escaped unscathed from an ambush, and Hus-

sein fled to Syria, later moving to Egypt. When the Baath party seized power in a 1963 coup, he returned home. But, nine months later, the Baathists were themselves overthrown and Hussein again fled. He was soon caught after a gun battle with police and jailed, remaining a prisoner until 1968. Two years later, the



Butcher and Beate: 'I am not contemplating [military] action'

Baathists staged a successful coup and Hussein was the key position of deputy chairman of the ruling Revolutionary Command Council. In 1979, he formally attained power, assuming all the principal offices of state, including president, prime minister, commander-in-chief and head of the Baath party.

Hussein died visibly and brutally with dis-

sembled his authority of conspiring against the state and ordered them executed. The party meeting at which Hussein denounced the alleged conspirators was videotaped, and he had copies distributed to some officials in other Gulf countries. Clearly, that was done to strike fear into Hussein's neighbors. According to officials who have seen the tape, it shows a scene that might have come from a gangster movie. In it, Hussein calmly smokes a cigar as he slowly reads out the 21 names from a list, calling on each trembling suspect in turn to stand up and surrender himself to the security officers waiting to arrest them.

**Now:** There are other less well-documented accounts of Hussein personally shooting to death a troublesome religious leader in 1980 and, three years later, ordering the execution of his own half brother, Basmal, for his suspected role in a coup attempt. Hussein apparently refuses those accounts, because they add to his scent of ruthlessness and help to maintain him in power. The olive-branch general's actions that he usually wears as public adds to his image of strength and power, although fact Hussein has had no direct military experience.

That lack of experience may have contributed to his last-rat, miscalculation in September, 1990. Hussein invaded Iraq in the hope of a quick and easy victory over a country still in post-revolutionary tremors following the overthrow of Shah Muhammad Reza Pahlavi and the coming to power of Ayatollah Ruhollah Khomeini's theocratic regime. Still, indeed, he found himself embroiled in the fiercest and bloodiest conflict in recent Middle East history. It claimed more than one million lives on the two sides and left the economies of both countries in ruins. Estimates of Iraq's debt range between \$70 billion and \$90 billion. Clearly, the burden of that debt influenced his campaign against Kuwait.

Little is known of the Iraq dictator's private life, apart from the fact that he married his cousin, Sadia Khawalah Talfah, in 1963 and has five children. He is said to be a socialist, however, most-opinion men who transfers money with an extraordinary gusto to his countrymen in need. A former Algerian OAS official who has had dealings with Hussein describes him as "an intense man of enormous intelligence." And with the war against Iraq in one exception, Hussein has proved himself, to far, to be a fair judge of how he can use people to look in pursuing personal and national objectives. If the United States, the other Western powers and the Arab world allow him to expand his Kuwait conquest without any challenges, Hussein will once again feel that he is as clever as he is bold and brutal.

JOHN BERKMAN with correspondents' reports



COVER

# KUWAIT AND THE GUNS OF AUGUST

## IRAQ DISPLAYS ITS AWESOME POWER

**F**or days, Iraq had been massing troops and armor along its border with Kuwait. The buildup was enormous: large, reportedly reaching 100,000 men. That, actually, at least, it seemed, and particularly worrisome. Iraqi President Saddam Hussein, notorious for buying his Persian Gulf neighbors, had used similar tactics less than two weeks before to counter higher oil prices out of the 13-member Organization of Petroleum Exporting Countries (OPEC) meeting in Geneva. Again, he was trying to intimidate. Iraq Kuwait is an opponent led to gun further concessions in a long-standing money and land dispute. But, at 2 a.m. on Aug. 2, the Iraqis stormed across the border area, where most feared, had occupied the oil-rich emirate, killed the brother of its ruler and sent the emir himself and members of his cabinet fleeing into a neighboring Saudi Arabia. Estimates of Kuwaiti casualties ranged from 600 to 800.

The world reacted with shock and outrage to the action. The Soviet Union, Iraq's principal arms supplier, suspended military shipments to

the Arab country, and most Western governments, including Canada, joined the United States with some form of economic reprisal. President George Bush based reports from Iraq and from its assets in the United States. He also ordered two carrier battle groups, led by the battleship USS Missouri, to the Persian Gulf and the Indian Ocean and the Eisenhower in the eastern Mediterranean, to take up positions closer to the Gulf. But the President did not immediately agree to Kuwaiti requests for military assistance, and he appeared to rule out direct intervention.

In Aspen, Colo., where he had been meeting with British Prime Minister Margaret Thatcher, Bush said, "I am not contemplating [military] action."

Later, the President said that he would intervene

Iraqi tanks reports of 600 to 800 Kuwaiti casualties in the fighting

only if Iraq threatened Saudi Arabia. "I would be inclined to help in any way we possibly can," he said. "All you have to do is look at the energy requirements of the world and the direct violation of international law by Saddam Hussein to understand why I feel so strongly about it." But Bush also refused to authorize a force to ensure the safety of U.S. citizens—a non-statement underscored by reports, later denied in Washington, that Iraq tanks had captured 20 Americans from an oil tanker docked in Kuwait. After Bush met on Saturday with his top national security advisers at Camp David, Md., White House spokesman Martin Rhoades called for the unconditional withdrawal of Iraqi troops and maintained that "all U.S. options" were under consideration.

**Pressure:** At the Pentagon, some senior officials and privately that they were angered by Bush's refusal to authorize the military option on behalf of Kuwait. One JPMorgan's view that the naval carrier movements "were designed to make Iraq feel threatened and uncertain. But the President seems to have understood that idea." However, Anthony Cordesman, a national security expert on the staff of Republican Senator John McCain of Arizona, said that international relations "could prove to be 'much more effective' in dealing with Iraq, whose eight-year war with Iran left it with an estimated debt of \$70 billion to \$80 billion. "We can do it all [Iraqis] as we can do it," he said.

Kuwait's emir exits



# 'THEIR HONOR IS BEING VIOLATED AND THEIR BLOOD IS BEING SHED'

loans and the rebranding of loans," Gerdeman said, "we can get the wordless precision on what is, to all intents and purposes, the equivalent of *Nazi Germany*."

At week's end, Hauman said that he would meet with the armed elite, Sheikh Jaber al-Sabah, at a conciliatory summit in Jeddah, Saudi Arabia. But the war said he would not meet until Iraqi troops left Kuwait. And the talks were cancelled overnight after reports that the Iraqi had taken up new positions in a central zone along the Kuwait-Saudi border, although Iraqi officials denied that they intended to make any attack into Saudi Arabia. Baghdad's Revolutionary Command Council had earlier announced that Iraqi troops would begin leaving the emirate quickly "unless forces appear that could threaten the security of Kuwait and Iraq." The troops' departure was expected to occur gradually as tensions remained high in the Gulf area.

In Washington, Congress called for a worldwide embargo on exports of oil from the Persian Gulf to continue production of the B-2 Stealth bomber, which the House of Representatives had passed in July, and to strip these oil holdings from being taken out of service. Senators cited the Iraqi invasion as a reason for not training defense spending too heavily. "I don't have to make the case for battleships," said McCain. "Saddam Hussein has made the case for the battleships."

**Explosion:** In Kuwait, there was hardly any warning of Iraq's previous invasion. Two hours after Iraq's ambassador walked out of talks between the two countries in Saudi Arabia, charging that Kuwait was being uncooperative, Iraqi tanks roared across the border. Some Kuwaiti outposts managed to make the capital before they were overrun, but the country's 30,000-man army, outnumbered 5 to 1 by the invaders, was no match for Iraq's better-trained military machine. Witnesses said that the Iraqis encountered only scattered pockets of resistance as they moved out through Kuwait's oilfields and moved toward its capital, only 130 km from the frontier. By daybreak, the Iraqi troops were on the outskirts of Kuwait City, where residents fled to the sound of explosions and automatic weapon fire.

One of the fiercest fighting occurred around Durrat Palace, the emirate residence of the emir. It was there that his younger brother, Sheikh Jaber al-Sabah al-Sabah, head of Kuwait's Olympic committee, led the defense of the palace grounds. As the Iraqi tanks moved toward Kuwait, Radio Kuwait broadcast accurately despite appeals to its citizens and other Arab states to reject the invaders. Said one emotional announcer: "The people of Kuwait, their honor, is being violated and their blood is being shed. Hasty to their

aid, you Arabs." But the Arab states, all fearful of Hussein's power and dominance in the region, remained largely silent. Only Syria, a longtime foe of Iraq, quickly condemned the invasion and requested an immediate Arab League summit.

By midday, the Iraqi forces were clearly in control. Two Iraqi MiGs straddled over Kuwait City and land explosions were heard. According to one witness, the police was "crawling with Iraqi tanks." Iraqi troops also occupied the international airport, the central bank and most other key government buildings. Waving Iraqi flags, jubilant soldiers roared around the city in cars commandeered from frightened civilians, while Iraqi helicopters hovered overhead.

**Saags:** There were also reports that some oil warships, including at least one Canadian and a British, were being sent American officials said that all U.S. citizens were accounted for. About 3,000 Americans and 400 Canadians are reported with their families in Kuwait.

In Baghdad, radio and television broadcast patriotic songs and a mood of celebration swept the capital. A government announcement

refused charges of an intelligence war between the two nations. They noted that the Pentagon, which had been monitoring Iraq's military buildup separately from the CIA, had not predicted the invasion. The CIA claimed that it had, maintaining that it had briefed Bush to that effect before he left for Colorado. But the fact that both the President and his secretary of state were out of town when the invasion began (James Baker was flying in Geneva with Soviet Foreign Minister Eduard Shevardnadze) suggested that the warning was not taken seriously. In fact, it had been given at all. Kuwait's ambassador to Washington, Sheikh Saad Nassir al-Sabah, also declared that he had received repeated U.S. assurances that no invasion was imminent.

Within hours of the Iraq attack, the Kuwaiti ambassador formally requested American help, declaring, "We need military assistance to survive." As Washington hesitated, Iraq warned that it would turn Kuwait into a "graveyard" if any foreign power intervened. And its puppet government in Kuwait announced that



**Iraqi soldiers: Kuwait City swells to the sounds of explosions and gunfire**

aggressive Hussein invited, the country's King Hussein flew to Baghdad to urge the Iraqis to meet the emir.

Despite its costly war with Iran—perhaps because of it—Iraq is now the dominant military power in the Persian Gulf. Its combat-hardened army, about one million strong, accounts Kuwait's Iraq self-defense force by 50 to 1 and dwarfs the combined armies of the region. Gulf Cooperation Council (GCC) Iraq can deploy 5,500 main battle tanks, 450 artillery pieces and multiple rocket launchers, 310 combat aircraft, 160 armed helicopters, five frigates and 30 Soviet-designed SCUD missiles. It also manufactures chemical weapons, which it used with lethal effect against Iran and against its own Kurdish minority.

The Gulf states, led by a mutual defense treaty that has never been tested by war, can field only 184,850 troops among them. They lag the United States in armor and, more vital to their defense, aircraft. Saudi Arabia, the dominant partner, accounts for roughly half of the GCC's weaponry, but it has not been able to integrate its forces with alliance partners because equipment is not standardized.

**Arrests:** Military experts generally agree that air power is the deciding factor in any Gulf confrontation, which makes the GCC still heavily dependent on the protection of its Western allies, primarily the United States. "Air power is the key in a situation like this," said one Pentagon official. "[Libyan strategist] Muammar Gaddafi found out that you cannot live from the king of air as power." He was referring to the April, 1986, air raid on Libya conducted by U.S. navy jets from carriers in the Mediterranean and air forces jet stationed in Britain. But, last week, Washington advised its NATO allies that it would not resort to military action unless Iraq attacks other countries in the Gulf region.

Should the United States resist to air power,

the independence seems a powerful asset, with a crew of more than 5,000 and 80 warplanes on board. Although the Pentagon declined to comment on the ship's movements, officials said privately that the carrier was unlikely to enter the Gulf, where it would be less maneuverable, because it is capable of delivering a long-range strike from the Arabian Sea. Indeed, any carrier in the eastern Mediterranean is also within striking range of Iraq. Besides the carrier and her escorts, the U.S. Middle East Force has a cruiser, a destroyer, five frigates and a command ship.



already in the Persian Gulf. Thousands of U.S. troops would also be quickly available in tactical divisions formed to respond to emergency situations in far-flung trouble spots. But most military analysts note that the United States would probably consider itself to avoid intervention and then only to defend Saudi Arabia. Said Robert Haines, a Middle East expert at the Washington-based Center for Strategic and International Studies: "It would be out of control and out of control on the ground."

**Break:** The West was reluctant to confront Saddam Hussein long before the Iraq-Iraq war, when he was one of the Soviet Union's principal allies in the Middle East. Then Iraq invaded Iran in 1980, most Western governments chose to support Baghdad, as did the conservative Arab rulers in the Gulf states. The consensus was that a victory by Iran's fundamentalist Islamic revolutionaries would pose an even greater threat than Iraq's.

During its war with Iran, Iraq frequently outperformed what allies regarded as the bounds of decency—without securing any serious reprisals. In May, 1987, an Iraqi plane flew an escort mission at the U.S. frigate *Stark*, killing 37 American sailors. Haines apologized, and Washington accepted his explanation that it was a "mistake." In March, 1988, the Iraqi aircraft force killed hundreds of Kurdish civilians with poison gas, the use of which is banned by a 1925 Geneva protocol. Iraq was a world-class nuclear power, but both the United States and Britain decided not to impose sanctions.

Last spring, British and American authorities concluded a shipment of what they said were nuclear triggers that Iraq had tried to smuggle through London's Heathrow airport. But officials also noted components of what they called a giant "doomsday gun," which some reports linked to Gerald Bull, a shadowy Canadian-born ballistics scientist. Just weeks earlier, Bull had been mysteriously murdered outside his Brussels apartment.

Even when Haines first sent troops to the Kuwait border, before Iraq sent a communiqué, the U.S. response was remarkably mild. Washington sent two aerial tankers from West Germany to the United Arab Emirates, where they participated in refueling exercises with the United Arab Emirates Air Force. A Pentagon spokesman said that the exercises, intended to send "a pointed message" to Haines, were still under way when he visited Kuwait.

As Iraq tanks rolled the emir's palace, American officials were still talking about sending another message to Iraq as aerial exercises in Saudi Arabia. But many analysts said that that would not alter Haines's actions. "The message now is that bullets win," said Middle East expert Haines. "No answer should be to draw a line in the sand, and, if it stops over it, then you're on with long-range air power." But it seemed unlikely that Haines would be the first to back out of Haines's line.

**BOLLEEN JENNEN** with **MILLIE MACKENZIE** and **WILLIAM LOWMYER** in Washington and correspondents' reports

## Independence calls for an embargo on Iraqi oil and more U.S. defense spending

alized that Iraq had invaded only to assist "Kuwaiti patriots" who had overthrown the royal family. But the U.S. state department denied that explanation as a "pastor fraud." At an emergency session of the UN Security Council, U.S. Ambassador Thomas Pickens pointed out that "without it stopping their conquest and installing their so-called provisional government before the invasion, they got it the way they wanted. They invaded Kuwait and then staged the coup in a blatant and deliberate effort to try to justify their action."

In Washington, several politicians made in-

stance would condone the royal family's assets, some of which it said were deposited with "suspect partners" abroad. Its congressional voted foreign banks not to "tamper" with Kuwait funds. The United States, Canada and several other Western countries have all Kuwait assets to prevent their seizure.

Meeting in Cairo on Friday, the Arab League condemned the invasion and demanded an immediate Iraqi withdrawal. But seven of the 21 members abstained from the denunciation. Even Jordan, closely allied with Saudi Arabia and Kuwait, clearly did not want to offend the

# THE HIGH PRICE OF CONQUEST

## THE WEST BRACES FOR THE FALLOUT

The economic reverberations from last week's Iraq invasion of Kuwait echoed almost immediately around the world—from Tokyo, to Europe, to Alberta's oilfields and beyond. As Iraqi leader Saddam Hussein's tanks and personal escorts rumbled between the gleaming steel skyscrapers of Kuwait City, stock markets began to slide, the price of oil and gold soared, and the value of the U.S. dollar climbed vertiginously. Then, Iraqi troops moved to overthrow Kuwait's ruler with Saudi Arabia, and economists began discussing the possibility of global oil-price-led inflation and a recession on a scale that could seriously damage Western economies. Saudi Arabia's oil minister, who is also an oil tycoon, said that the invasion of Kuwait could be worse than 1973 and 1979.

The initial economic shocks from the invasion were substantial. The price of oil, which dipped as low as \$13.60 (U.S.) a barrel in June, shot up to \$33.49 on the day after the Iraqi invasion and closed the week at \$28.49

(\$30.16 Can.). In Japan, which is almost wholly dependent on the Middle East for its oil, the Tokyo stock market's Nikkei index of 225 swung plunged from 26,838.18 points just before the invasion to 23,253.76 at week's end, the first time in three months that it had closed below 26,000 points. On European and North American exchanges, trading volumes exploded as investors rushed to sell shares in oil-dependent transportation companies and buy oil and gold issues. New York's Dow Jones industrial average closed the week at 2,809.65 points, down 88.86 from the week before, while the Toronto Stock Exchange's top 300 composite index closed at 3,516.95, down 24.97 points from the previous week.

But in the United States, some independent gasoline stations across the country immediately slashed the price of the growing price and increased their price by as much as 15 cents a gallon within hours of the invasion. The effect on Canadian prices was unclear, but they seemed likely to follow the American trend. The U.S. government was pushing because, analysts said,

there is a worldwide oversupply of oil. In currency and metals markets, the price of gold and the value of the greenback, which investors traditionally have viewed as safe assets during periods of international crisis, also soared wildly. Gold closed the week at \$377.40 (U.S., \$434.64 Can.) up \$9.66 (U.S.) from the previous week, while the U.S. dollar climbed sharply against the yen of oil-importing Japan. Noted Robert Smith, president of Toronto-based American Barrick Resources Corp., one of North America's largest gold producers: "When an event like this occurs, there is an immediate flight to gold."

Petroleum industry executives were clearly encouraged by the rising world price of oil. Over the past four years, prices have declined steadily, largely because Kuwait and the United Arab Emirates have consistently exceeded production limits set by the 13-country Organization of Petroleum Exporting Countries (OPEC). Now, Iraq may be able to force Kuwait to keep to its quota, reducing supplies and pushing up prices. Jack Porraz, president of Calgary-based Ranger Oil Ltd., said that the invasion "will have a world-wide effect."

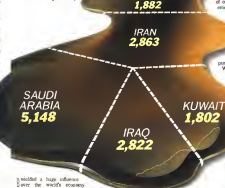
If Iraq succeeds in maintaining higher prices for a long period, it could lead to a renewal of several high-cost energy megaprojects in Canada that were suspended because low prices made them uneconomical. They include Enbridge's \$4-billion expansion of its Sarnia plant at Cold Lake, Alta., and the \$4.3-billion oil-to-oil sands project near Fort McMurray, Alta. Ontario shipped financing to the Fort McMurray project in February because of low prices. But, last week, Alberta Energy Minister Rick Orman said that the prospect of dismantled Midwest supplies "underlines the short-sightedness of Ottawa's decision to end support."

Last week, Orman said the government of Newfoundland will announce whether they will proceed with the long-delayed, \$5.5-billion Hibernia offshore oil development in the Atlantic Ocean. The chances of the project getting under way seemed to improve as a result of the invasion. Said federal International Trade Minister John Crosbie: "It should remind everybody that we're not exposed to a grave peril."

In the Middle East, however, Iraq shattered the existing power structure within OPEC, which has

## PUMPING OIL

Average daily crude-oil production among OPEC's largest producers (thousands of barrels, July, 1990)



wielded a huge influence over the world's economy. OPEC's 13 members control 70 per cent of known global oil reserves and when they succeed in increasing production, they can quickly drive up inflation and interest rates in the West. Japan gets 72.45 per cent of its oil from OPEC, West Germany 35.8 per cent and the United States 26.9 per cent. Canada is less vulnerable, buying less than 16 per cent of its total supplies from OPEC. In 1973 and 1979, export embargoes drove the price of oil to highs of over \$40 a barrel from less than \$3 a barrel within a decade, and the results were dramatic. In 1973, consumers in the United States faced long gasoline lines and almost daily escalations in prices. Homeowners, faced with rapidly climbing energy bills, poured insulation into their houses and switched to natural gas and cheaper fuels. At the same time, governments struggled against record inflation, caused by the manufacturing energy costs. They raised interest rates and spent huge amounts of money searching for alternative energy sources.

But the cartel unwittingly cost the needs of its own decline. In 1982, most Western

countries, burdened with massive interest rates to fight inflation caused by the 1979 embargo, suddenly collapsed into the worst downturn since the Great Depression. As a result, demand for OPEC oil dropped dramatically. That happened at a time when Saudi Arabia and Kuwait were reviewing some of their fellow OPEC members that they had in and the West as its economic recovery by lowering oil prices. The Saudis, who have by far the largest reserves in OPEC and who now produce 5.1 million barrels a day, threatened to flood the market if the other members refused to follow its policies.

Finally, the Iraqis, however, wanted members to adhere to strict production quotas. When some producers recently exceeded those quotas, they created a worldwide outcry that steadily drove prices down. This year, Kuwait and the United Arab Emirates, which had production costs of 1.6 million and 1.1 million barrels a day, respectively, have been overproducing by more than one million barrels a day. As a result, oil prices tumbled to \$13.60 in June from \$20.50 in early January.

That led Iraq's Hussein to warn Kuwait that it would be paid no oil unless it cut back on production. Then, as Iraq's tanks went prices skyward, fears of oil embargoes and price shocks suddenly re-emerged. Kuwait of being led by the moderate Saudis, Iraq may now have a much greater influence over prices because of the combined influence of the Iraq and Kuwait of oilfields. Saudi Arabia, which used to be the largest in terms of oil production.

The political reaction in the West may also push up prices. Most countries now likely to follow Washington's lead and boycott aspects of Iraq—and Kuwait—oil. That would reduce oil supplies by about 4.6 million barrels a day and, potentially, drive up prices. Analysts say that non-OPEC producers would be unable to compensate for the shortfall because reserves in such other areas as the North Sea, the United States and Canada are already being pumped at full capacity. Meanwhile, leading oil industry executives in Alberta predicted that oil prices will increase dramatically.

Hussein, as well, Healy Oil Ltd. president Arthur Price said that rising prices will lead to more new investments in Alberta's oil, exploration and development industry. Added Price: "Globally, Europe and Japan will get a higher value on the oil business outside the Middle East."

The pressures from global price increases will be felt far beyond the oil-and-gas sector. According to Michael McGovern of the private Ottawa-based economic forecasting firm Information Ltd., each \$5 increase in the price of oil causes a one-percentage-point rise in Canada's inflation rate, now at 4.5 per cent. As well, said McGovern, that he does not expect that last week's oil-price shock alone will push Canada's inflation to a recession. He added that "this sort of thing creates a little more uncertainty" in the United States, which exports about half of its oil, the impact will be greater, and Japan, the country most dependent on OPEC supplies, may be the biggest victim of all. In Canada, too, economic management in the coming weeks will present both governments and the private sector with a major challenge. But, in the end, it is the consumer who will feel the sharpest impact of Saddam Hussein's lightning strike in the Gulf.

JOHN DALEY and TOM PENNELL are in Calgary. MICHAEL HARRISON is in Toronto and RUSSELL HARRINGTON is in St. John's, Nfld.

Driver pumping gas in Toronto: consumers will bear the brunt of rising oil prices





## TRINIDAD AND TOBAGO

# A coup that went awry

Rebels give up after a five-day standoff

Under the leveled gaze of nervous government troops, white-clad figures emerged last week from a television station and into a rain-swept street in Port of Spain, the capital of Trinidad and Tobago. Above his head, he held an automatic rifle, which he slowly laid on the sidewalk. "Allahs eilber Gott is great!" shouted rebel Black Muslim leader Essie Abu Baker as soldiers moved forward to take him into custody. Then, 78 of Abu Baker's followers tramped out into the tropical sun, stacked their rifles with his and followed him into captivity. Shortly afterwards, another 43 rebels gave up their armed occupation of Trinidad's colonial parliamentary building, the Red House, which they had stormed at the same time as they had the state-run television station five days earlier. The rebels also freed 46 hostages, including about half of the cabinet of Prime Minister Arthur Robinson. The day before, they had released Robinson, 63—who was shot in both feet at the start of the uprising on July 23—in what one rebel called a "humanitarian gesture." It was a strangely subdued ending to the attempted

coup in the Caribbean island republic. Abu Baker's aborted revolution resulted in at least 38 deaths and nearly 300 injuries. An orgy of looting and destruction by citizens unrelated to the coup had swept parts of the capital—despite an 18-hour-a-day curfew enforced by government troops with strict orders to shoot to kill. Abu Baker and his followers, members of the Jamaat al-Muslimeen (Society of Muslims), had ended their tense standoff after they reached an agreement with their captives. Many of them appeared grossly surprised at the rough treatment they received after surrendering, as soldiers spread eagles then against nearby walls to check for other weapons. The rebels claimed that they thought they had been granted amnesty. Indeed, government spokesman Gregory Shaw admitted late last week that officials held hostage situations that involved by signing agreements with the rebels that they did not intend to kill. Said Shaw: "It is foolish to glibly state either with people who have done these things. Why not promise them the moon? You had hostages under duress."



Abu Baker surrendering; Trinidadian soldier guarding suspected leaders (below); a Black Muslim leader and self-proclaimed advisor of Gadhafi

Abu Baker, a resident of Toronto in the early 1980s and a self-proclaimed admirer of Libyan leader Muammar Gadhafi, had accused Robinson of running a corrupt government. He also said that the prime minister was responsible for the widespread poverty among the country's 1.3 million people, who live on the two islands of Trinidad and Tobago, seven miles east of the Venezuelan coast. Robinson, Abu Baker claimed, had agreed to step down and hold an election within 90 days, instead of the originally scheduled 18 months. But Shaw said that those agreements would not be kept, before he sent troops to the Red House, adding that the rebels would be charged with murder, kidnapping and treason, a crime punishable by hanging.

The greatest damage to the normally tranquil country resulted not so much from the coup attempt itself, but from the looting and rioting that occurred during the siege. In the near anarchy that prevailed for five days, residents of the capital emptied many stores and burned down others. Labeled in New York City, Guyana, and elsewhere in Trinidad's community, named an urgent appeal for provisions. Said Pilla: "Food and medical supplies are desperately needed because the capital has been cleaned out." At week's end, the curfew remained in effect throughout the island of Trinidad, and state radio broadcast warnings that still movements would be taken against violators.

The chaos left by the looting, and an exodus of frightened tourists, were a severe blow to the Caribbean country, which is trying to recover the prosperity it had before all prices plummeted in 1986. Covering as close slightly

smaller than Prince Edward Island, the two-island nation has proven oil reserves of 600 million barrels. In 1989, exports of crude oil and refined petroleum products accounted for 30 per cent of the country's gross domestic product. Shumping oil prices since 1986, however, caused unemployment to rise to 22 per cent from nine per cent and boosted the government's budget deficit. Over the same period, per capita income dropped to \$3,900 a year from \$6,800. Robinson, the prime minister since December, 1986, and head of the liberal National Alliance for Reconstruction party, had tried to stimulate the economy by diversifying the industrial sector, boosting exports of other commodities and devaluing the currency. As well, tourism was playing an increasingly important role in the nation's economy. But it could be some time before the tourists return.

Ted Morris, a spokesman for Air Canada, said that the curfew made it difficult to resume normal flight schedules. He added, "It's a win-lose-lose situation."

Knew after he was in custody, the strident but charming Abu Baker remained unrepentant. Some Trinidadians claimed that he was a terrorist, but others maintained that he was an activist—although with extremely unorthodox methods. Born Lesons Phillip in 1942, he was one of 11 children reared by a soldier and his wife in the ramshackle shacks of Port of Spain. His older sister, Anna Phillip, a devout Rastan Catholic who lives near the capital, describes him as having been a gentle and loving child and a good student. He could not afford to go to university she said and as a result, he went to work as a mounted police officer for most

years before he moved to Toronto in the early 1980s. A spokesman for CBC television confirmed that a "Lesons Phillip" had worked part time in Toronto as a TV prop painter. It was during his stay in Toronto that he converted to Islam and changed his name. He returned to Trinidad in 1984 determined to spread his newfound religion and founded Jamaat al-Muslimeen, which authorities now say has up to 300 members. He was also determined to help the island's poor and to build a mosque, supermarket and primary school on a disputed eight-acre site just outside Port of Spain. The government claimed that the mosque was built on public land, while Abu Baker argued that the land belonged to Muslims and that he had never used it.

While Abu Baker's activities led to trouble with the authorities, it also earned him praise. Horace Schmitt, who is head of the Toronto and Region Islamic Congregation and who has known Abu Baker for five years in both Canada and Trinidad, described the rebel leader as a man who is committed to social justice. Said Schmitt: "He wanted to feed the poor, get people off the streets and off drugs." Still, he cautioned, Abu Baker's attempted coup did threaten Abu, a Muslim businessman in Port of Spain: "I see him as an enemy, but the needs he has are not the kind we are accustomed to in a democracy. They are the needs of a terrorist."

Abu Baker's image among some citizens was further clouded by his fervent admiration for Gadhafi. Abu Baker said before the coup attempt that he had made several trips to Libya, and police officials said that members of his Muslim group had received military training there. "The Libyan revolution has been established," government spokesman Shaw added, but he did not elaborate.

Still, some analysts questioned the role that Libya might have played in the coup attempt. Barry Rubin, a scholar with the Washington Institute for Near East Policy, told Moroccan that it was highly unlikely that Gadhafi was directly involved. "He has provided arms and cash, but I am not sure that it matters all that much," said Rubin. "The Libyans have been trying for five or six years to get a foothold in the Caribbean by giving money to a number of groups." Robert Hunter, a Middle East expert at the Washington-based Center for Strategic and International Studies, said that he, too, thought that the Libyan connection was inconsequential. Hunter added, "There are cases that have nothing to do with Gadhafi."

For her part, Anna Phillip said that her brother probably knew that he would not succeed in overthrowing the government. "If you ask me," she added, "he just wanted to shake things up." Indeed, during the siege, Abu Baker told a local radio station that the coup attempt was "a small-scale squabble." Clearly, however, that squabble has cost Trinidad dearly.

BARBARA WICKENS with WILLIAM CONTINO in Washington and correspondents reports



## THE UNITED STATES

# Racism or justice?

*The sting in the trial of Marion Barry*

According to the prosecutors, it is a case of sex, lies and a damning videotape. To support an arrogant, drug-addict and cocaine-womanizer who abused his powerful position. According to the defense, it is a case of racism against a hero, if flawed, black leader relentlessly hounded by a spiteful white establishment. Those contrasting postures in

media attention because, in a city that is besieged by drugs and has become the per capita murder capital of the United States, one of the country's most prominent black politicians was caught smoking crack, a highly addictive cocaine derivative.

The highlight of the trial was a grainy 43-minute video shot by three concealed

page before federal agents burst into the room.

But that telltale videotape also sparked a heated debate over blacks in power and their ability to provide moral leadership to a community sore by economic and social problems. Opened on the trial was so inflamed that many observers predicted an outburst of racial violence that has not been experienced in the United States since the race riots in 1968 following the assassination of Rev. Martin Luther King Jr. Just two-time Democratic presidential contender Jesse Jackson, who lives in Washington, "We're very close to looking glass and blood in the streets. We're very close to the red lustre."

The morning light flashed with the polarized coverage of the trial by the mainstream media and the black press. To defense lawyer Moody and many blacks, Barry was the target of a "lynch mob," an overzealous white establish-



Barry with wife Edie and son outside Washington court: sex, lies and a damning videotape

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ing or holding public office.

Indeed, a 1987 study by Iowa State University sociologist Mary Sawyer, titled "A Report on the Movement of Black Elected Officials—10 Years Later," claimed that Barry was one of 70 black political figures whom the federal government was attempting to discredit. "There is a feeling nationally that black elected officials have been targeted for assassination," said Victor Lutz, editor of the *Broadway City Star*. Added LaVerne Galt, editor of *Washington's* black *AlphaNews*: "There's a whole history of overreaction to black leaders."

As the defense rested its case on July 27 without having called Barry to the witness stand, assistant U.S. attorney Judith Ritchin closed charges—made earlier by Mandy to the court out of the hearing of the jury—that Barry was the victim of a special "in" inside there, "rotating the country and targeting black politicians." "There is absolutely no truth to the allegation there is an 'in' that farce" as Mandy had charged, she told Federal Court Judge Thomas Jackson, while the jury was out of the courtroom. She also denied Mandy's allegation that FBI agent Ronald Stern, who had led the sting operation against Barry, headed the alleged "rotating board" of federal agents.

While many observers criticized the sting operation, others accused it of being black figures of clerical manipulation the race issue for political advantage. They blamed black leaders for whipping up a racist frenzy to hole Barry's

personal fabric—as well as his delinquent as mayor, since 1978, of a crime-ridden and declining city.

Indeed, the capital is bedeviled with a \$103-million budget deficit, a 40-percent annual dropout rate, the country's worst rate of infant mortality and a record murder rate. "It is a tragedy of everything we fought for in the 1960s," said civil rights activist Roger Wilkins. "Those were the days when we talked about black power, black pride and black confidence." Added Wilkins, who is a senior fellow at the



Memo, help from the mayor's former lawyer for an FBI sting

Washington-based Institute for Policy Studies, "people in power are 'rotating' 26 times a day does not hit Mayor Barry out of the crowd he created for himself. He does not make his delinquent victims of the race. We must have standards in the black community."

## SUSPICIONS AT A RAPE TRIAL

The case of a 30-year-old woman who was gang-raped, beaten and left for dead while jogging through New York City's Central Park has recently become a trial about race.

As apparently open-and-shut case, in which three teenagers admitted assaulting the 25-year-old woman while on a romp, disintegrated into an examination of police methods and of the morals of the paper itself, who is still reeling the effects of the brutal attack 15 months later. And as the jury prepared to begin its deliberations this week, racial tensions in the divided city were at fever pitch.

In a videotaped confession made to police on the night of the April, 1988, attack, Raymond Santana said that he and a gang of black and Hispanic youths had been "out 'rotating' in the park—looking for victims

to harass and rob—when they came upon the white woman jogger. In the recording played to a packed courtroom last month, he said that one gang member begged her, turned back her arms and started to rip off her clothes, while Santana knifed her breasts. When she would stop screaming, Santana said, she was beaten with a brick and a pipe, while others took turns raping her.

But defense lawyers at the three-week trial have charged that police coerced confessions from the suspects and that white law-enforcement officials used the media to drive the youths.

Outside the courtroom, angry blacks have charged that the paper—whose name has largely been kept out of media reports at her request—had gone into the park to buy drugs and had been raped by a white teenager or drug pusher. The victim appeared in court last week to coach to say that the men were not the authors of the crime of that night.

The most antagonistic accusations have been made by black militants, branded by a long series of race-related incidents in New

York that they claim have been deliberately misreported by the authorities. Even conservative black leaders have questioned the prosecution's case, noting that none of the medical evidence implicates any of the accused. In an editorial titled "A legal lynching," *American News*, New York's leading black newspaper, rampaged the case to the Atlanta *Southwest* trials of the 1930s, when four young black men were wrongly accused of raping two white women in Alabama.

Later after racial rioting that have become racially charged—the murder of a black teenager last year in Brooklyn and the alleged rape case of black teenager Tamara Brownley the year before—the jury's verdict in the paper case is unlikely to change any more in New York. "At this point," said *American News* publisher William Trotter, "whether guilt or innocence is proved is no longer important."

That sentiment was echoed throughout the seven-week trial by the prosecution, by marshaling evidence that Barry had used illegal drugs on at least 200 occasions since 1985—on public television channels showing the faces and names of hotels, bars and private homes that he allegedly indulged his habit—prosecutor Ritchin blamed the mayor to a general in charge of a war on drugs. The sting operation was necessary, she argued vehemently, to bring the city back to work, because the grand jury had crossed every line and had betrayed the city. "Demanded Ritchin: "How can we win the war when the general is helping the other side? You can't win a war with a camp divided."

Defense lawyer Mandy, however, hammered away at the credibility of the prosecution's witnesses and at the wretched quality of the federal government. In his nearly three-hour closing speech to the jury last Thursday, Mandy said that many of the witnesses were "hired guns" who were paid advances, granted immunity from prosecution in return for their testimony. And in a city already nervous about a racial backlash, he painted the trial as a \$51 million witchhunt to get black leaders. "The government in effect used a kidnapping case to kill a city," Mandy declared, urging the jury to acquit Barry of all charges. "He is being prosecuted because he's the mayor."

As the jury retired to consider its verdict, each knew that the guilt or innocence of Marion Barry hung in the balance. There also remained many troubling questions about the racial carnage of justice in an increasingly racially polarized country.

WILLIAM MACKENZIE is in Washington.

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LARRY BLACK is in New York.

THE UNITED KINGDOM

# Hitting a 'soft' target

The IRA kills a friend of Margaret Thatcher's

On July 25, British MP Ian Gow spoke and strongly in a television interview against the Irish Republican Army's murder of a man and three policemen in Northern Ireland. Traditionally one of Britain's most vocal opponents of the IRA, Gow identified the killings "odious and heinous," and he added, "Once again, women have been turned into widows and children into orphans." Then, last week, just five days after he made that statement, Gow's words took on a special, haunting significance. An IRA bomb under Gow's car exploded as he began to drive away from his home in the tiny East Down village of Hillsborough. The 50-year-old Conservative politician died within minutes, leaving his own wife, Jane, widowed and his two sons fatherless.

Gow's killing was the most spectacular act in a string of recent IRA attacks in Northern Ireland and Britain. In the previous five weeks the terrorist group had bombed the London stock exchange and the Carlton Club—

a Conservative bastion to which Prime Minister Margaret Thatcher belongs—as well as killing the man and policemen in Ulster with a land mine. And the killing of Gow was an attack calculated to cause both political and personal hurt to Thatcher herself. He was a close political ally, serving as Thatcher's parliamentary private secretary for four years, as well as a family friend. Hours after his death, Thatcher spoke of how she had relief as his "former tenant, during difficult times, he's come and said, 'Well, you're having quite a hard time, come and have supper with Jane and me.' And we would go down to his house and talk in quite private ease."



The IRA left no doubt about its motives. In a detailed statement issued in Dublin, the guerrilla group said that it planned a 4.4-lb bomb under Gow's gold Austin Mustang because of his close relationship with Thatcher and his role in formulating British policy towards Ireland in the early 1980s. Gow, who was elected to Parliament in 1976, was a firm supporter of Northern Ireland's union with Britain. Thatcher appointed him to cabinet in 1983, but he resigned two years later as protest against an agreement signed that year between Britain and Ireland that gave Dublin a consulting role in Northern Ireland's affairs. Despite that disagreement, however, he remained a close friend of Thatcher. And the IRA, which seeks to end Ulster's British connection, regarded Gow as one of its worst enemies. His name was one of about 300 on an IRA "hit list" that police discovered in December, 1988.

The assassination also appeared to be an attempt by the IRA to deny the British government's claim that it sought to break the political deadlock in Ulster. Peter Brooke, the cabinet minister responsible for Northern Ireland, launched a new attempt last month to start negotiations among the leading British Catholic and Protestant politi-



Gow (opposite): wreckage of his bombed car calculated to cause personal hurt

cal parties in the province, between Ulster politicians and the Irish government, and between the London and Dublin governments. Those exploratory talks ran into difficulties over the conditions of Dublin's contacts with political leaders in Northern Ireland, and were suspended until September. But the discussions represent the best hope in several years for political progress in Ulster—and experts say

that the IRA is determined to ensure that they do not succeed. Any agreement on Ulster's future would further isolate the group, whose popular support has been dwindling.

There were more last week that the attack had already undermined the commitment of key Protestant leaders to the talks. In Belfast, James Molyneux, leader of the Ulster Unionist party, urged the British government to

concentrate on defeating terrorists and to "put aside, for the moment, political considerations."

As they do after every IRA attack, politicians last week called across again for tighter security. Gow was the fourth British MP to be assassinated by the IRA. But he had taken few precautions, despite knowing that he was a terrorist target. Gow's home address was published in the local telephone book, and on the night before his death he had packed his car in his driveway with the keys in the ignition.

Recently, the IRA had threatened that it was about to strike at symbolic Establishment targets. It bombed the Carlton Club on June 25, sparing eight people, and set off another bomb at the stock exchange on July 20, which caused considerable damage. Thatcher suggested last week that the IRA's switch away from heavily defended military and police targets was a sign of the effectiveness of the security forces' efforts. Said the prime minister: "The fact that they are going for what are called soft targets indicates that we have had some success with the other things they've tried to do."

For Gow's family, however, that proved to be tragic. As police sifted through the wreckage of his car, his widow issued a defiant statement, telling the IRA, "You will never win." But, in its own chilling statement claiming responsibility for Gow's assassination, the IRA declared that it will continue to strike "subversive and whenever the opportunity arises."

ANDREW PHILLIPS in London

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# A CANADIAN BREAKTHROUGH

## Pulp and paper scientists decipher the dioxin code

The search for new knowledge proceeds in many different directions in the pulp and paper industry, stimulated by the impulse to find better ways of doing things. It is aimed at improving the production process, from standing trees to finished products, developing new products and new uses for cellulose fibre, and minimizing the impact of the industry on the environment.

### The Research program

Founded over sixty years ago, the Pulp and Paper Research Institute of Canada (Paprican) has established



The Dioxin Research Team: Dr. Corinne E. Luthé, Dr. Bruce I. Fleming, Dr. Richard M. Berry, and Dr. Ronald H. Voss at Paprican.

itself as a world leader in pulp and paper research. It is co-sponsored by the pulp and paper industry, the Canadian Government, and the universities of McGill and British Columbia.

Paprican's most significant environmental achievement in recent years was the ability of its scientists to decipher the dioxin code.

The presence of low levels of dioxins and furans was first noted in some bleached pulp, some pulp mill effluents, and some paper products about five years ago. The discovery was made when new measuring techniques and equipment became available which were over one thousand times more

sensitive than hitherto. They permitted, for the first time, detection of toxins in parts per million.

The presence of even trace levels of these unwanted substances was unacceptable to the industry. Paprican initiated a comprehensive research program to learn more about the sources and method of formation of the dioxins and furans and to find how they might be eliminated from pulp manufacturing processes.

### Breakthrough...!

Paprican's scientists quickly found some clues among them, the range of dioxin levels from one mill to

another, and the absence of detectable traces at some. The research showed that at some mills contaminants were present in the wood chip supply, in defumers, and in other washing additives used in the pulp mill which could act as precursors to the formation of dioxins and furans. Steps were recommended to minimize these contaminants. On further investigation, it was also found that the dioxins from mills used low quantities of chlorine bleach. In other words, the production of dioxins and furans was NOT an inevitable result of bleaching pulp. Rather, it was the result of chlorination of undesirable contaminants present in varying amounts at some pulp mills when high levels of chlorine

were used. As more pieces of the dioxin puzzle fell into place, Paprican was able to prescribe a series of strategies that would allow the mills to make steps to control their raw material supplies and to operate in such a way as to eliminate the problem.

### A \$1.5 Billion commitment

To date, Canadian pulp companies have committed some \$1.5 billion for extensive process modifications and effluent treatment to reduce the formation of these unwanted by-products of the bleaching process. More commitments

will be forthcoming as companies complete their plans to carry out Paprican's recommendations.

### Ongoing research

Other research programs are in progress to gain further insights into the potential interactions between the industry's operations and the environment. Pulp and paper companies are resolved to continue making safe, quality products for Canadians and others the world over while protecting the environment.

FOR MORE INFORMATION:  
Public Information Office  
Canadian Pulp and Paper Association  
Sun Life Building, 19th Floor  
100 Murray Street  
Montreal, Quebec H3B 6T6

The quest for high-value products, for improved competitiveness, and for environmentally-friendly processes is finding expression in the selection of Paprican by the Canadian government as the leader of one of the 14 newly-established networks of excellence.

Paprican will bring together scientists and engineers from Canadian universities to develop further the mechanical pulping process to produce superior grades of printing and writing papers while working toward greater harmony with the environment.

This important initiative reflects the industry's resolve to achieve a balance between business opportunities and environmental responsibilities.



The Pulp and Paper Industry of Canada  
Committed to renewal

# BARGAIN TIME IN THE JUNKYARD

**JUNK BONDS MAY BE MAKING A COMEBACK—DESPITE THE COLLAPSE OF THE CAMPEAU EMPIRE**

A year ago, Robert Campeau chartered shareholders at his company's annual meeting in Toronto with what, at the time, seemed like candid and gracious benevolence. The elegantly tailored real estate developer chided critics who said that the \$12 billion he had borrowed to buy two glamorous U.S. retailers was too much. Debt, he said, was more than a financial obligation—it was a tool to leverage growth. But, he acknowledged,

"Owning such a vibrant and new and largely untapped market is never easy—and those who winch from the short are never patient." In the end, it was the spectrum of land who saw what the captain missed. Now, his company is shipwrecked, and the two proud U.S. retailers have sought bankruptcy protection. Last week, at the latest Campeau Corp. annual meeting, the reminded shareholders that his losses were bigger than theirs. Declared Campeau: "Believe me, I know how you feel."

It was the collapse of Campeau's financing that led to a crash in the junk-bond market six months ago. Now, another Canadian player, Gordon Investment Corp., has stepped back into the market, a signal

that at the right price even junk is a bargain, and that the junk market may not be as hopeless as some believed. Gordon Investment, a partnership headed by Ray Street's most aggressive investment adviser, Gordon Capital Inc., and which includes Hong Kong businessman Li Ka-shing and the Canadian Imperial Bank of Commerce among its partners, announced a plan to buy a \$1.4-billion junk-bond portfolio from Columbia Savings & Loan Association of Beverly Hills, Calif. The portfolio is considered a high-risk investment, but its future profits could be huge if the bulk of the 200 or so companies with debt in the fund recover in the next few years. Says Gordon director Tim Allen: "We believe that, over five to 10 years, corporate America will rebound."

The Campeau and Gordon deals were both radical, but that is not their similarity. While Campeau waged a hard-fought takeover battle in which he hid up the value of the assets he sought to skip high levels of debt when the economy was booming, Gordon went about taking, buying developed-junk-bond assets when few others were interested. Now, debt-bur-

dened Campeau is struggling to pay the high interest costs of junk bonds, which offer rates about five percentage points higher than conventional financing because they are not well-secured by assets and, therefore, are riskier. Gordon, on the other hand, will be content to collect the high interest rates that it believes the bulk of the companies in the portfolio ultimately will be able to pay. With its purchase, Gordon goes to the forefront of companies that will find profits in dismantling the messes of the debt-laden takeover frenzy of the late 1980s. Said Roland Corby, managing director of private placements for Toronto-based Securities Ltd.: "Maybe we haven't hit bottom yet, but maybe the turnaround won't come for another year or two, but Gordon has got a portfolio of some very important companies."

Junk bonds, or high-yield securities as their proponents call them, were one of the most controversial financial instruments of the past decade. Their detractors condemned them for leading too much risk to the financial system. Indeed, it was the high-yield portion of Campeau's massive debt that was the first to crack under the pressure of rising interest rates and an economic slowdown. Campeau himself has blamed the easy availability of junk-bond financing for putting him into the risky deal. But the supporters of junk bonds disagree. Kevin McKenna, president of one of the few high-yield investment funds in Canada, Toronto-based Core Municipal Partners of Canada Ltd., says that the bonds are the only way some small and medium-sized companies could raise the money needed to grow. Added McKenna: "Just because there's a lot of doubt around, doesn't mean we all have to get drunk."

High interest rates and the demand



Milken after his assignment in New York City: new optimism in the bond market

of U.S. junk-bond investor Michael Milken—who will be sentenced on Oct. 1 to a prison term for securities-law violations—said his company, Drexel Burnham Lambert Inc., the leading junk-bond underwriter, has dried up the established market in the United States. A fledgling market in Canada was beginning to form last year, but interest in it has now almost disappeared. Observers are divided over whether new junk-bond issues will ever reach their old levels of 1987, when issues represented 22 per cent of the \$194-billion corporate debt market in the United States. But Gordon's purchase of the \$1.4-billion junk fund appears to be a signal that junk still has a life.

Terry Marlow, a partner in Ernst & Young Inc.'s corporate finance department, applauded Gordon's management as "incredibly astute value investors." But he does not expect a rush to issue new junk debt. Said Marlow: "We are probably at the end of a decade of high leverage [borrowing]. The 1990s are going to be back to the basics." As Campeau illustrates, the takeover excesses of the 1980s have created some cash-poor companies whose companies like Gordon—with its special expertise in corporate finance—will make money clearing up. Allen says that the fact Gordon was not a junk-bond underwriter is appreciated in Washington. Declared Allen: "We came to the table without a background in the creation of the

market, which is now being cleaned up."

If Washington approves, Gordon will buy the portfolio, which was valued at \$3.39 billion in March after the junk-bond market had crashed—and which has an original face value of just under \$6 billion—in \$3.6 billion of just a \$666-million initial payment. Although Gordon is paying a little more than expected, Columbia has agreed to finance the remaining amount. Furthermore, under the terms of the purchase, if the value of the portfolio should fall by 10 per cent or more, Gordon can cut its losses and return the portfolio to Columbia, and lose only its initial \$360-million investment. On the other hand, if the companies represented in the portfolio, including giants like Nike and Nabisco, survive this economic downturn, the profit potential is great. Said one financial executive familiar with the junk-bond market: "You've got to believe a bunch of those companies are going to be opportunities for Gordon to make money."

It will probably take several years before Gordon's gamble can be judged a success or a failure. But Ray Street is confident that Gordon's junk portfolio, which currently contains more of Campeau's debt, will undoubtedly fare better than Robert Campeau's leap into high-risk financing.

BRENDA DALGLISH

## Business Notes

### RICHMOND SIGNALS

Predictors that Canada is tenting on the brink of recession indicated sharply after Statistics Canada reported that gross domestic product fell by 0.5 per cent in May, following a 0.1-per-cent decline in April. The consecutive two-month decline is rare, which increases the total output of goods and services in the economy, is the first since the recession of 1982. A recession is defined as two consecutive quarters of negative growth.

### CRISTOFANO SIZE AIRCRAFT

A Toronto-based regional commuter airline lost more than half of its fleet after its principal lender, senior bank of its Dash-8 aircraft, City Express, which serves the high-volume Toronto-Montreal-Ottawa corridor, has been losing customers since April 3, when Air Ontario Inc., an Air Canada affiliate, began flying the same route. Spokesmen for lender Michael Life Associates Co. of Canada said that City Express had not made a payment on its \$27.5-million debt since mid-March. The airline says that it will continue to operate with its three Dash-8 aircraft, which it owns outright.

### BANK-RATE DIP

Despite reports of a shrinking economy, the Bank of Canada allowed the trending bank rate to dip by only six basis points to 13.42 per cent. Economists said that the central bank, which has generally tried to drop its rate for a while now, is reluctant to reduce rates more because it remains concerned about inflation.

### AIR CANADA CHIEF QUILTS

Air Canada president and a executive officer Pierre Jeannot, 57, announced that he will take an early retirement. His decision, effective immediately, surprised observers, who had expected Jeannot to take over when the current chairman, Claude Turgeon, 65, retires. Jeannot, who spent 35 years at Air Canada and helped guide the company through its 1988 privatization initiative, said that he wanted to move on to other challenges.

### LABATT BUYS IN

Supercorp Entertainment, which is 50 per cent owned by Labatt Breweries of Canada Ltd., will acquire control of Toronto-based Harrison, Young, Penness & Newell, a media management company. In a related move, Labatt announced that Harrison, Young & Penness & Newell, its English-language advertising service purchases—in effect, adding another shelf to the media-buying cart.



## BUSINESS

# A passing legend

## Varity Corp. plans a controversial move

For many Canadians, it is a part of their heritage. But last week, farm-machinery manufacturer Varity Corp., formerly the world-renowned Massey-Ferguson Ltd., declared that it wanted to shift its head office from Toronto to the United States, perhaps to nearby Buffalo, N.Y., as part of a potentially lucrative incorporation. Both federal and Ontario politicians of all parties reacted immediately and angrily, claiming that Varity's plan is an unprovoked invasion of a \$200 million federal government loan guarantee that it made in 1981 and renewed in 1984 to help save the firm from potential bankruptcy in the early 1980s. That bailout accord stipulated that Varity would maintain its head office in Canada and create 1,500 new jobs by May, 1992. But at the company's annual meeting in Toronto early last week, Varity chairman Victor Roca said that, despite the taxpayers' contribution, the firm does not have a moral obligation to remain in Canada. He added, "For all intents and purposes, Varity is already a U.S. company with a Canadian address."

Roca's blunt but accurate assessment led to instant expressions of outrage. Both the federal and Ontario governments opposed any renegotiation of the deal and declared that Varity is obligated to uphold its part of the cash-for-jobs agreement. Martin Brezner, Ontario's minister of industry, trade and technology, issued his federal counterpart, Industry Minister Basil Bronckhorst, in reaffirming the original deal. "Our answer," he said, "is we've held up our end of the bargain. We expect Varity to do the same." The initial decision to save Massey in 1981 was motivated in part by the need to keep Massey's manufacturing technology and jobs in Canada, said by the firm's near-legendary status. For 143 years, the Massey-Ferguson name has been synonymous with agricultural equipment. Its tractors and combines have taken around the world, from the Canadian Prairies to the Russian steppes. But, in 1981, Massey was reeled by a series of economic shocks. Interest rates above 20 per cent and collapsing grain prices almost led to demand for Massey's products—particularly its famous combine harvesters. The following transformation of Massey-Ferguson into Varity was as dramatic as it was painful. In 1976, the company brought in Roca, a hard-driving American who formerly headed Perkin Elmer in London, to save the company. In an attempt to distance the company from eight years of losses, Massey's venerable name was changed to Varity in 1986. A ruthless cost-cutting program followed, under which nearly all of its Canadian manufacturing plants closed.

Roca: instant outrage



Massey-Ferguson dealer in Queensville, Ont.: 'a U.S. company'

The last Canadian-made combine harvester moved off the Wentworth, Ont., assembly line in 1983, although Massey-Ferguson machinery is still distributed through dealerships across Canada. The former firm machinery is now produced by Varity subsidiaries that retain the Massey-Ferguson name in Britain, France and the United States. Varity finally produced a healthy profit of \$88.1 million in the fiscal year ending Jan. 31, 1988, on sales revenue of \$2.8 billion, and last year profits rose to \$116.4 million on total sales of \$2.76 billion. As part of a move away from its agricultural roots in Canada, Varity finally anchored itself in the U.S. manufacturing sector last November by purchasing Kelley-Hayes Corp. Most of Varity's remaining workforce of 1,800 in Canada is concentrated at its recently acquired Kelley-Hayes plants in St. Catharines, Windsor and Woodstock, Ont. U.S. industry experts are impressed by Varity's resurgence. Meno Tolson Levkovich, senior analyst with New York City-based Smith Barney Martin Ephant & Co Inc., "Victor Roca has done a good job in turning the company around."

While analysts supported Roca's business acumen, Canadian politicians insisted that Varity fulfil every clause of the 1986 loan guarantee. Under the terms of that formula, Varity undertook to employ 1,500 workers in the first three years, and another 100 by May, 1992. The agreement also stipulated that the company would have to pay \$35,000 for each job it had not created by the 1992 deadline. Varity executives said that they had hoped to create the jobs in Ontario, but, at the end of December, 1986, provincial officials said it had fallen short of its 1986 goal by 441 workers, and it is liable to two fines of \$53.2 million—\$53.2 million if it federal and \$4.9 million provincial. Still, Varity hoped that the controversy would soon be cleared up through a national discussion of the merits. Its management will argue that the firm's investment in Canada has grown to the point where it more than offsets the disputed \$200 million.

But any plans by Varity to avert suits will need the support of politicians, who are already under enormous pressure to approve Canada's weakening economy. As a result, politicians in both Ontario and Ontario may insist that the firm stay put as proof of their resolve to preserve jobs and ensure some measure of corporate accountability in Canada. Clearly, the government does not intend to let Varity move its manufacturing address south of the border without a fight.

MICHAEL HARRISON

# CARIOCA

## Rum

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Carioca White Rum	45 ml.
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Blend with crushed ice. Serve in chilled cocktail glass.	

THE TASTE OF THE ISLANDS



# Showdown at Stelco

*The steel industry girds for a bitter strike*

Waiting an expression of resignation mixed with determination, striking steelworkers Ronald Kingston, 35, was like thousands of others who gathered outside their local union headquarters in Hamilton last week. Most were signing up for picket line duty and applying for base strike pay of \$45 a week, compared with their average hourly earnings of \$16.56, not including overtime. That compares with average hourly earnings of \$33.93 in the United States. Accompanied by two of his three young sons, Jordan, 4, and Brian, 6, Kingston vowed to stay on strike as long as necessary to win what he called a fair settlement from his employer. Hamilton-based Stelco Inc., even though he will have to struggle to keep up with the \$1,300-a-month mortgage payments on his three-bedroom house. In total, about 18,000 Canadian members of the United Steelworkers of America in Ontario, Quebec and Alberta walked off the job last week after contract negotiations collapsed on

July 29. Kingston, a 17-year Stelco veteran, expects between \$35,000 and \$40,000 a year with overtime driving a lift truck at the company's huge Hiko Works. Said Kingston, "We have not had a real increase since 1981."

The massive walkout signaled the end of



PHOTO BY AP/WIDEWORLD

equally a decade of single labor pence in the Canadian steel industry. The steelworkers have not struck since 1981 when a 125-day walkout resulted in heavy losses for both the steel companies and their workers. Since then, two other contracts have been negotiated without strikes. But in the past several months, the 18,000 workers at one of Stelco's plants, together with 6,000 at Sault Ste. Marie-based Algoma Steel Corp. Ltd., voted by an unprecedented 92-per-cent margin to leave their jobs. Some union leaders have predicted that the strike could last as long as six months. According to Stelco Steel president Frederick Trainer, the company's very survival depends

on the outcome. Trainer said that the union's demands would cost Stelco \$400 million each year for two years and severely damage the company's competitive position. Said Trainer: "Subtract that from our earnings last year of less than \$100 million and the conclusion is simple—the company closes."

Indeed, the strike could have a lasting effect on the future of the entire Canadian steel industry. Over the past decade, the industry has invested heavily to compete with aggressive firms from the United States, Brazil and




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tion. The status quo is definitely dead."

Part of that status quo, which Castonguay and other thoughtful Quebecers are bound to reject, goes to the very heart of the Canadian federalism: the notion that neither provinces nor the federal treasury have an obligation to share their wealth with the poorer provinces and territories. "To keep the game, the federal government itself obligated to distribute very substantial grants on an ongoing basis to the Atlantic provinces and the farmers on the Prairies, and to welfare programs and subsidies that might not be justified from a strictly economic point of view," he contends. "However, for example, another major problem is Ottawa's multiculturalism program, which means that many people continue to see themselves much more belonging to their own ethnic group than to Canada. Also, there are far too many employment programs. In every sense, we can no longer afford the constitutional and economic environment in which we find ourselves."

## A new, confident spirit of independence

BY PETER C. NEWMAN

I Quebec business has a conflict, it's Charles Castonguay, who has credited his distinguished parents, social conservatives and political smarties in the government circles of Piusch Canada's evolution for the past three decades. As a professor at Laval University, as the minister of social welfare from 1970 to 1971, as the federal government's first cabinet minister, as the province's public health care system, and more recently as chairman of the Laurentian Group Corp. who owned that once-famous financial conglomerate's assets in \$10.2 billion from \$3.2 billion in the past six years—Castonguay has always been active on the moving edge of change.

It was Castonguay, now 61, who provided much of the intellectual fodder for Jean Lesage's Quiet Revolution and the social reforms that led Pierre Trudeau into federal politics. It was Castonguay who persuaded Trudeau to reject the Victoria Charter in 1971, arguing that Canada's Constitution should not be granted unless Quebec was granted full powers over social policy. It was Castonguay who for months ago formed the Association in Favor of Meech Lake, which mobilized more than a thousand of the province's business leaders to lobby hard-earned help for Quebec into the Constitution. And it will be Castonguay who will play a pivotal role in the coming negotiations between Canada and Quebec.

Just weeks before Meech Lake was accepted, Castonguay warned that Quebec and the rest of the country were moving dangerously close to divorce. "We are like the couple so much attracted to each other and yet so distant," he said, "that they are getting to the point where the only way out is divorce. Hence, while living under the same roof, because of the children and other considerations, but divorcing all the same."

When I went to see him in Montreal recently after the death of Meech, Castonguay was far from dazed. He was calmly assessing the new Canadian reality, mulling all the new things that had changed in one decade. "People

*In Quebec, the death of Meech Lake has produced a sense of cohesion and determination that is electrifying to behold*

in Quebec who voted 'No' in the 1980 referendum," he pointed out, "have the rest of Canada as increasing stability, security, openness and other good things. Ten years later, the situation has almost completely reversed itself. People here now definitely and clearly give us up any hope of finding a reasonable place for Quebec within the existing federal structure. Negotiations in good faith have been going on for so long, and when you see what's happened each time, on one—maybe isolated—believes anymore that it's possible to arrive at any reasonable arrangement. Besides, we're losing too much energy and too many opportunities with these debates."

While words of the Meech Lake accord caused only confusion in English Canada, in Quebec a sense of cohesion and determination has emerged, electrifying to behold, which is bound to create a dynamic and aggressive approach that will be hard to match by dispirited federal negotiators, representing the wary remnants of a disintegrating tradition. "And it's not just the francophones," Castonguay noted. "Anglophones and other ethnic groups throughout who give us their support to try and save Meech Lake are now saying they don't want to continue in the same old struc-

ture that they see as dead."

Castonguay feels strongly that most social and economic policies will eventually come under Quebec control. "We have to make sure," he adds, "that we moderate ourselves. We also cannot let our regionalism, and that will mean we'll need the corresponding taxation powers. It must be done in such a way that Quebec is no longer accused of getting more out of the system than it contributes."

In retrospect, Castonguay and others believe that 1980 was the turning point and the agreement that followed set the province free of being dependent on the rest of Canada, and gave businessmen a new sense of confidence that they can go it alone. Quebec's fear of independence is as dead as Meech Lake. That one day in 1980 destroyed the nation's destiny. Since Quebec's development of the accounting firm Raymond, Chabot, Martin, Fauré Inc. and co-founder of Castonguay's pre-Meech initiative, has a tougher view of the future. "Maybe one day we'll realize," he told me, "that Clyde Wells' confidence a great service to Quebec. If Meech Lake had been signed, the province would have remained. Now, we'll have to think about our own future and the rest of Canada about its own future. There will be strikes, new deals and probably David Peterson will realize that it's more important to come to have a closer relationship with Quebec than with Newfoundland."

Wells' betrayal of his signature on the Meech Lake accord is a constant theme. "The image of Wells, after having withdrawn the acceptance of Newfoundland to the incoming back in the province, is to be found after the Ottawa conference, not holding a vote—and then being received as a hero by Pierre Trudeau and Jean Chrétien at the Calgary Liberal convention—that is an image we will never forget," Castonguay predicts. "There is a new confidence in Quebec is completely disconnected from the new Quebec, and Trudeau is being on another plane," he says. "I remember telling my friends in Toronto that the election of Pierre Trudeau was the worst mistake English Canada ever made, the choice of Jean Chrétien will be the last mistake."



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Meaden in a farmer's field: complex whirlwinds may cause circles to form

exceptions, the circles are not simply human perpetrated or elusive incantations. Sent Roy: "The patterns are formed too perfectly, and the crops around them are not disturbed at all. The issue theory is very doubtful." There is certainly no shortage of theories about the circles, which have been reported in England since the mid-17th century and which have also been discovered in other countries, including the United States, Canada, Australia and Italy. Last summer, there were unconfirmed reports of circles being found in farmers' fields in Minnesota.

Early English farmers attributed the circles to mythical "wandering devils" who scythed patterns in their fields. More recently, researchers have blamed them on fungi growing under the soil, hovering helicopters or even masses of hedgehogs, which sometimes move in flattened circles during their mating season.

Others have even more audacious explanations. The two men behind Operation Blackbird, a scientific investigation that is jointly sponsored as a sort of \$200,000 by BBC television and a Japanese TV network, maintain that only the action of what they call an "unknown intelligence" can explain the sudden growth in the numbers of circles and the complex new patterns that have appeared this summer. Pierre Delgado and Colin Andrews, who have both been researching circles for more than seven years, note that the number of circles verified in southern England has



Circles in an English cornfield (below) investigators seek spiral patterns



increased to about 600 in that year from fewer than 100 at the end of 1987. And no theory, Delgado said last week, can explain the appearance of lines and arrangements around this year's circles. "It's beyond the realm of orthodox physics," he said.

Instead, Delgado, a retired engineer who now investigates crop circles full time, maintains that the patterns are evidence of "an inexplicable energy manipulated by an intelligence that we don't yet understand." Their otherworldly theories have led critics to ridicule the two men. Delgado and Andrews were embarrassed on July 25 when they eagerly announced the overnight appearance of two circles in a field not far from their makeshift camp near Brighthelm. But when they conducted a more thorough examination, they found a large board and two sticks forming a cross at the center of the largest circle.

That was clear evidence that the circles had been created by pranksters. Still, they vowed to persevere with their three-week operation in hopes of recording the formation of a circle without human intervention. "We know someone would have a good one," said Delgado. "But we're dedicated people."

Still, their discussion of mysterious "intelligence" annoys others, since down-to-earth researchers. Most prominent among them is Terence Meaden, who once taught physics at Dalhousie University in Nova Scotia and has been investigating circles since 1980 with an organization called the Garden Effect Research Group. He met with Andrews and Delgado in 1987 but now he dismisses their theories as "absolutely stupid." Instead, Meaden has put forward what some circle researchers regard as the most likely explanation to the puzzle: the action of complex whirlwinds formed by air swirling around isolated escarpments or hills such as those found in Wiltshire.

Meaden says that the whirlwinds meet often occur when breezes sweep around hills, forming what he calls "vortex lines." The vortices, which may last for only a few seconds, distort the fields below, leaving a flattened, circular imprint with the straws neatly aligned in a spiral pattern. If the spinning air builds up an electrical charge, he notes, that could explain the lights and humming noise that some eyewitnesses have reported.

Meaden acknowledges that it is more difficult to explain this summer's appearance of lines and boxes alongside the circles. However, he maintains that he has successfully explained why Wiltshire and neighboring Hampshire, with its undulating fields broken by hills and valleys, appear to be the most prolific areas for crop circles. But many circle enthusiasts do not appear to be eager to readily find the answer. As Glasgow University's Roy noted, the best mystery is one that remains unsolved.

ANDREW PHILLIPS in Brighthelm

## SCIENCE

# Mysterious circles

Flattened crops baffle British scientists

High atop a chalky bluff overlooking some of the most beautiful farmland in southern England, video cameras pointed over fields of wheat and corn ripening under the summer sun. Scattered places, concealed microphones lay ready to pick up the sounds of insects. And bright-eyed volunteers huddled in tents, eagerly waiting for their equipment to detect anything out of the ordinary. Last week, Operation Blackbird, near the village of Brighthelm at the heart of rural Wiltshire, was the most sophisticated attempt so far to solve a puzzle that has perplexed thousands of Britons and attracted attention around the world: the mysterious and sudden appearance of perfectly circular patches of flattened vegetation in farmers' fields.

The appearance of interest in the strange circles may be little more than a phenomenon of the summer only season. But in Britain, where explanations of the cause of the circles

vary from complex whirlwinds to what some observers call an "unknown intelligence," they have captured the popular imagination. Thousands of people have traveled to see the largest circles, some of which have been accompanied this year by elaborate patterns of lines and rectangles. Circle experts met at Oxford University in June to discuss their findings.

Rival associations of dedicated crop-circle researchers have sprung up—each fiercely defending a single explanation of what created the patterns. Lead Andrew E. Roy, a professor of astronomy at Scotland's Glasgow University who has been investigating crop circles for the past five years. "For some of these people, it has become something almost religious."

Roy says that he does not favor any particular explanation. As president of Britain's Centre for Crop Circle Studies, which collates evidence collected by researchers, he says that he is sure of just one thing: that, with rare

# Advancing on cancer

*Doctors try a new weapon against disease*

**I**t was a startling leap forward when scientists James Watson and Francis Crick discovered 37 years ago how the basic life-chemical deoxyribonucleic acid (DNA) is constructed. The achievement electrified medical researchers who had long been convinced that most human diseases are caused by malfunctions within the body's 100,000 genes, which are made of DNA. In laboratories around the world, doctors excitedly organized elaborate and prolonged investigations which, in the past 10 years, have begun to yield dividends. Scientists have identified the genes implicated in muscular dystrophy, cystic fibrosis and a rare form of colon cancer. And last week, the campaign to unlock genetic secrets and put them to work for human health took a dramatic leap: a review committee at the U.S. government's National Institutes of Health (NIH) in Bethesda, Md., authorized two experiments in which, for the first time, genes will be the weapon and not the target.

In one experiment, doctors will try to reverse a rare enzyme-deficiency disease in children. In the other, they will attempt to intensify the body's ability to fight cancer. Said Dr. Gerald J. McGaverty of the Council Institute for Medical Research in Camden, N.J., "Medicine has been waiting for this kind of therapy for thousands of years."

Although both ventures still need the approval of acting NIH director Dr. William Roubicek and the U.S. Food and Drug Administration (FDA), scientists in the United States and Canada were clearly jubilant at the prospect of the world's first known human gene therapy, the long-heralded science of using genes to treat disease, and what it might lead to. Ellen Roubicek, who stated that he would not be a "rubber stamp" for the NIH committee, acknowledged that he was "intrigued and excited." Dr. Michael Dorsch, a 44-year-old German-born professor of pediatrics and immunology at the University of Toronto, said that the NIH announcement "is one of the most exciting things to



Blasse (left), Anderson and Culver: a plan to test artificial gene on a rare disease

have happened in medicine in the last 100 years." Other specialists speculated that gene therapy might one day lead to advances against other diseases largely resistant to treatment, including hemophilia and AIDS.

But, for the moment, international scientific attention focused on the two forthcoming projects. The first was designed by Dr. W. French Anderson of the U.S. National Heart,

Lung and Blood Institute and Dr. R. Michael Blasse and Dr. Kenneth Culver of the National Cancer Institute, part of NIH. It revolves around a rare disease that leaves children defenseless against infection because they have a defective gene that fails to make adenosine deaminase (ADA), an enzyme necessary for a healthy immune system. The three scientists plan to take blood from ADA-deficient patients, insert manufactured copies of the normal gene into the blood cells and put the blood back into the patients. Experiments

in mice indicate that the normal gene will begin making the enzyme.

The second experiment, proposed by the cancer institute's Dr. Steven Rosenberg, will be tried on consenting patients with advanced melanoma, a rapidly spreading and usually fatal form of skin cancer. For some time, scientists have known that blood has two natural but usually inadequate weapons against malignancy—white cells called tumor-killing lymphocytes, which seek out and weakly attack tumors, and tumor-rejection factor (TRF), a substance that does the same thing. Rosenberg has designed a gene that can make 100 times the amount of TRF normally produced in humans. He said that he plans to take tumor-killing lymphocytes from the patients, insert the high-powered TRF gene and return the lymphocytes to the patients. Rosenberg added that he is counting on the super-gene to make enough TRF to destroy tumors without burning the surrounding tissue. If it works, scientists will be a step closer to the long-held search for the so-called magic bullet against cancer.

Both programs say he under way

Renee "Bubble boy" David: living in an cage



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**Maclean's**

THE WELL-INFORMED CHOICE.

before the end of the year. Officials at NIH and the FDA said they expected to give clearance within the next few weeks. The Anderson team said that it hoped to begin trials this fall on as many as 10 AIDS-deficient children who have not responded well to conventional treatments, which include drugs ignoring the missing enzyme. The doctors

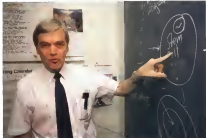
said that all the patients would probably need monthly injections of genetically altered cells, which should level blood improvement within a year and, eventually, produce normal immune systems. As for the trials on cancer patients, the more cancerized David Rosenberg said he would first have to redesign his patient consent form, which should take only a few weeks.

Although ADA deficiency is one of the least common diseases—only about 30 children in the world have it—one of its victims achieved worldwide prominence about 15 years ago in Houston, a child identified only as David became known as "The boy in the bubble" because he lived inside a plastic envelope to shield him from contagion. As he grew, the bubble had to be made progressively larger. But in 1984, doctors took him out of it long enough to administer a bone-marrow transplant that they hoped would restore his immune system. Before the transplant could take effect, David died of infection at the age of 12.

However, increasing numbers of scientists, searching for ways to introduce genes therapy as a weapon against disease, began concentrating on ADA deficiency as a test model because of its relative simplicity. First, it is a disorder of the blood, which is much easier to work with genetically than solid tissue. Second, it is caused by the absence of an enzyme that has been identified. And third, that enzyme is produced by a gene that has also been identified. Said Dr. John Dick, a geneticist at Toronto's

St. Michael's Hospital: "It's such a standing job in the research community that there were far more people working on this deficiency than had it."

Meanwhile, several scientists said that the search on the secrets of other diseases could become better defined and more effective if the same lessons are successful. "The larger implications for this procedure," said Dick



Philippe Couderc about potential in AIDS and different forms of cancer therapy

"probably involve some and different forms of cancer therapy." Dr. Robert A. Phillips, head of the hospital's division of immunology and cancer research, said that there are "probably a lot of applications in the blood-forming system beyond ADA." Then, he added, might include conditions affecting hemoglobin, the protein needed to carry oxygen to the cells. Louis Samelson, director of the Samuel Lunenfeld Research Institute at Toronto's Mount Sinai Hospital, said that "the first successes, if there are successes, will be those

maneuvers." Limiting the undertaking to ADA, said Dick, would be "like saying, 'Let's go to the moon and when we get there let's plant a flag.' But surely the flag isn't the point of the trip. It merely marks a milestone. The real goal of the trip is what lies beyond." For the Washington scientists about to embark on use of children's adult umbilical explants, the immediate task is simply to locate the nuclei.

RAE CORRELL with correspondence reports

## THE DRUG WAR AGAINST AIDS

Of all the medical research under way around the world, none is more urgent than the search for a cure for AIDS. It has been a decade, the epidemic, so far curable disease has killed tens of thousands of people infected by the human immunodeficiency virus (HIV), which is transmitted by sexual contact and the use of contaminated hypodermic needles. Prevention among those working hard to find a cure are the huge, multinational drug companies for which the solution would yield enormous financial rewards. Last week, researchers working for Abbott Laboratories in subse-

quently Chicago announced that they had developed a compound that, in laboratory tests, prevented the AIDS virus from reproducing in human cells.

The Abbott scientists said that the compound, which they have labeled AZT-774, works by inhibiting an enzyme known as protease, which makes the therapeutic that isn't useful in order to reproduce. Abbott researchers John Ruskawa said that AZT-774 was designed in the laboratory using a concept "which we hope will have approved pharmacological properties and which we hope will allow us to turn it into a drug." Abbott is looking at a chemical with such components that include Sumitomo Chemical, Upjohn Co. and Merck and Co.

In a report published in the highly regarded U.S. magazine *Science*, the Abbott team said that very few amounts of the compound inter-

fered with the reproduction of HIV in human cells infected with AIDS. Ruskawa said that human tests could not begin and AZT-774 had been evaluated in animals.

Meanwhile, a report last week by the Geneva-based World Health Organization further underlined the basic created by the disease. The organization said that it had been officially notified of an additional 7,800 AIDS cases worldwide during July, bringing the total since tracking began to 272,435 cases in 154 countries. Of the 7,800 new cases, 132 were in Canada and 3,496 in the United States. In Ontario, the Infectious Centre at St. Michael's reported that, as of July 30, 2,366 Canadians had been infected with the disease—and 3,227 had died.

R. C.



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## POP HISTORY

Author Bob Calacorda, who worked and partied with Andy Warhol for 13 years, says that Warhol "seemingly cool, distant hip—that that made him a great artist." Later this month, Calacorda, 45, a contributing editor for *Vanity Fair*, will publish *Holly Turner: A biography of Warhol, who died in 1987*, which documents their wild times on and off the job. Added Calacorda: "Some things we did were ridiculous, like having dinner with Isabella Marcos. But Andy's art will stick."

ON BROADWAY  
WITH BUDDY

Re-creating Buddy Holly's appearance at Harlem's Apollo Theatre "is like we're ready to go back to the '50s," says singer Jennie Garth, in the musical *Buddy*, now playing in Toronto. Garth, Laraine Scott and Sherry Matthews appear as Holly's opening act. Garth added that they take the Canadian production on the road next month to Calgary, San Francisco and Broadway's Shubert Theatre. Dedicated Catholics: "When we perform our number on Broadway, it will be like we're in two places in New York at once: Broadway and Harlem."

Matthews, Caldwell, Scott, going back to the Fifties



Ryan: cheers from the lovers

## A rare victor

A standing ovation greeted Texas Rangers pitcher Nolasco Ryan in Milwaukee last week—from the opposing team's fans. The outburst occurred even before Ryan threw the first pitch at County Stadium. Then, despite the fact that the 43-year-old right-hander soundly beat the Brewers 13-3, the crowd of 50,000 gave Ryan another standing ovation. And rightly so, because on that night Ryan became only the 29th major-league pitcher ever to have won 300 games. Said the modest 24-year veteran: "It has never been easy for me." He could have hated Milwaukee.



Garth, Matthews, Scott

## Trial or error?

In a New Jersey courtroom in 1983, a jury found 19-year-old Nova Scotian Bruce Curran guilty in the 1982 shooting death of a school friend's mother. The case attracted widespread attention—and allegations that the trial and Curran's life-size stay in an American prison (he was transferred to Sing Sing, N.Y., in 1984) were a miscarriage of justice. Said actor Simon Reynolds, 31, who plays Curran in the upcoming Canadian TV movie production *The Bruce Curran Story*, which finished filming last month in Halifax: "I met Bruce for the first time a couple of days before the shoot. He has been a pal for eight years and has been through a lot. I can sympathize with the accident aspect of his case, with being wrong and scared, doing something wrong and trying to hide it." Curran, who has always maintained that the shooting was an accident, is now on day parole. Added Reynolds: "He told me that he knows the truth and his parents know the truth, and that is what is important."

Reynolds able to sympathize



Reynolds

Art for the sake  
of preservation

The world's largest odd-growth pine forest in Ontario's Temagami area is also the site of an artist's camp. During August, 50 artists, including Canadians Tara Gulley and Robert Breen, are creating works to raise awareness and money for the endangered forest. Said Gulley, 41: "Now that we are so close to our natural resources in sight, we have to take inventory. For those who preserve, artists are natural allies."

## PUBLISHING

## Bucking the palace

A Halifax book provokes a royal scandal

It could have quietly slipped from bookstore shelves without creating a ripple of scandal. But after an attempt by the British courts to ban it throughout the world, *Covering Disaster*, an exposé of war and incompetence at Buckingham Palace, has become an instant best-seller. And as of last week, it could be purchased only in Canada, parts of the United States and Bermuda. Published by Pinewood Publications Ltd. of Halifax, *Covering Disaster* is a 144-page volume by Malcolm Barker, who served as an official in the royal household during the early 1950s and later became an insider as one of Elton Presley's bodyguards. Co-authored by Tim Sobey, a member of the wealthy Halifax family, the book reports alleged episodes of theft, vandalism, sexual predation and debauchery among palace officials and staff.

A fearless work without style or wit, *Covering Disaster* is a repetitive catalogue of transgressions that Barker claims took place while he worked as the royal household from 1949 to 1963. Not more remarkable than the book's revelations was the attempt by British authorities to suppress it—ultimately turning a literary collection of anecdotal gossip into a publishing sensation. While legal experts questioned the British courts' right to ban books as other countries, *Covering Disaster* was in hot demand in Canadian bookstores. By week's end, a heavily taxed public relations staff at Pinewood reported that its first print run of 30,000 copies had been topped up by Canadian distributors.

Bookellers say that they have not seen as much sudden interest in a book since Iran's Ayatollah Khomeini tried to suppress *The Satrapi* last year, by issuing a death threat to its British au-



The Queen and family members on the balcony at Buckingham Palace: muckracks of palace staff

thor, Simon Barker. But, unlike the *Rushdie* affair, the spread over *Covering Disaster*'s best-selling gossip in the staff of lords, not drama. Kevin Harper, president of Cansco Books, a Toronto-based wholesaler, originally ordered just 200 copies of the book—before the court ruling. He increased his order to 2,800 last week after being besieged by hundreds of calls from bookstores across the country. "It's a good book," said Harper. "It would have died a more happy death on the shelves if they hadn't banned it. But they never came to terms."

Sobey: a worldwide fan



Sobey

Suppressing a book at first appears to be a winning formula for stimulating foreign sales. In 1987, the British government's attempts to ban *Spycatcher*, Peter Wright's tale of duplicity as the top man in the British secret service, was an exercise in frustration. The book sold more than 130,000 copies in Canada, and many of these ended up back in England. Although *Covering Disaster* cannot be legally sold

in Britain, a spokesman for its Halifax publisher said that the firm is already considering a second printing of the Canadian edition. And it is fielding offers for a major American distribution deal.

The ruling by Britain's high court, upheld by the Court of Appeal, grants a preliminary injunction against the publication or distribution of *Covering Disaster* anywhere in the world. It also prohibits Barker from discussing his book in Britain or elsewhere. But legal experts say that the ruling can have no force in Canada unless Britain's attorney general per-

suades the Canadian courts to issue a separate injunction. However, because Barker is a born publisher—he co-wrote *Footwork* with Sobey—he could be risking a contempt-of-court charge in Britain if his company continues to publish in any country.

Interviewed in London last week, Barker embellished the court's right to interfere with publication beyond its borders. He said, "I think it's extremely arrogant, to say the least, to think you can impose laws on books in other countries." Barker, 31, and Sobey, 28, spoke to Markson in Sobey's elegant fourth-floor flat on Park Lane, in London's exclusive Mayfair district. The two met in the mid-1970s as bartenders at Russell Square in Fleetwood, Lancashire. Sobey's grandfather was Halifax tycoon Frank Sobey, who died in 1965, leaving a will that severely limited his grandson's share in the family fortune. In recent years, Sobey has lived and worked with Barker, who was Sobey's silent partner in Vail, a rapidly priced Italian restaurant that closed last February because of a lack of business. (It featured well-rehearsed waiters who presented dishes on silver-covered platters—naming the lids at the table, they would exclaim "Yod!" in unison.)

Describing himself as "a staunch monarchist," Barker says that he signed an agree-

most of confidentiality when he started work as clerk to the warden of the age of household in January, 1980. "I never questioned it when I signed it," he said, "but, over the next four years, I never expected to see what I did see. It's in the public interest for people to know what's going on." Although *Counting Down* reads as if it were usually intended to titillate, Barker claimed that his goal was to provoke reform. Buckingham Palace is "a dreadful mess," he said. Barker stressed that he did not intend to reveal anything. "It's the people around the Royal Family who are at fault," he declared.

Restricted by the situation, Barker refrained from discussing details of the book in the interview. But Sohey and that palace employees who are dangerous or open to blackmail because of their behavior continue to live and work there.

Meanwhile, Barker depicted a palace suggestion that a clerk in his position would not have had access to the royal household's intimate secrets. "I was involved in every facet of administration and organization at the palace," he said. "They are just rumors about the book—any attempt to believe or disbelieve will help drive cause." A palace representative interviewed by *Maxwell's* would not say if the Queen was aware of the contents of *Counting Down*, but the official acknowledged that the research would be influenced "by actions taken to her name."

It was British Attorney General Sir Patrick Mayhew, acting on behalf of the Queen, who obtained the restraining injunction. Last week, the Court of Appeal rejected Barker's plea that the ruling should not apply outside Britain. He was also denied permission to appeal against the ruling to the House of Lords. In announcing the ruling, Lord Donaldson, the senior judge of the Court of Appeal, said that, unlike *Synthesia*, which involved a civil servant's duty of confidentiality, the case was a straightforward breach of contract.

Certain foreign publications have already defied the court order. France's *Paris Match* magazine published excerpts from the book under the title "Les Polés de Buckingham," but removed the pages from issues distributed in Britain. Scotland's *Scotsman* and Wales's *Welsh Independent* newspapers presented similar excerpts. But because Scotland has its own legal system, the newspaper's editors said they were not affected by the injunction issued in London.

Despite the best efforts of the British courts—and, more likely, because of them—*Counting Down* has become a truly international scandal. It could have not out to be more than a tinseltown in a tinseltown, but it is the Queen's duty that is at stake. Like the warden at Vail, then failed his restaurant, Barker and Sohey have taken the lid off a royal pastime—and getting it back on could be difficult.

BRITAIN D. JOHNSON with GLEN ALLAN and SANDRA POUZOS in *Wales* and ANDREW PHILLIPS in *London*

## ENVIRONMENT

# Sticky situation

A mussel invasion threatens the Great Lakes



Children examining zebra mussels beside Lake Erie dangerous infestations

They are as relentless as an invading army. In the two years since scientists discovered zebra mussels in North America's waterways, the tiny, striped mollusks have proliferated rapidly. These voracious animals eat everything in their path, from algae to zooplankton. In the Great Lakes, and some researchers in Canada and the United States say that they fear that the thousands of creatures will seriously disrupt the ecology of the Great Lakes by invading the habitats of other aquatic creatures. Other scientists are searching for ways to prevent the invasion from harming industries in the region by clogging water intake pipes. Sediment clouds, a senior scientist with Ontario Hydro, one of the institutions studying the mussels, says that the mussels "thrusting their heads into the water" can harm other aquatic life.

The mussels, which scientists suspect first arrived at Lake St. Clair, between Lake Huron and Lake Erie, five years ago in the ballast of a European ship, may pose a particular threat to native fish and shellfish. Zebra mussels, which attach themselves to any hard surface, often invade the reefs used as spawning grounds by such native fish as walleye, a leading Great Lakes sports fish. The prolific species reproduces—each adult female produces up to 40,000 eggs a year—can also consume vast amounts of the plankton that sustains other aquatic life. Zoologist Gerald Mackie of the University of Guelph says that zebra mussels and glass species may be the

first to suffer from the newcomers' presence.

At the same time, industries that operate along the shores of the Great Lakes are trying to combat the invasion. Columns of zebra mussels can clog intake pipes of hydroelectric power stations, water-treatment plants and manufacturing facilities. Ronald Griffiths, an ecologist with the Ontario ministry of environment, said that mussel infestation last year left three southwestern Ontario water-treatment plants operating with only half of their several million capacity. Ontario Hydro has begun installing a system at all its power stations on the Great Lakes that treats water in narrow pipes that are submersible in addition with chlorine, killing the mussels before they can settle. Some U.S. experts say that zebra mussels will soon in-



ter the rivers and tributaries draining into the Great Lakes and, from there, move through the waterways of the continent. They add that the mussels, by attaching themselves to the hulls of steel boats, may be able to travel great distances through lakes and rivers. For its part, the Ontario government is urging boaters and fishermen to clean their equipment before moving from one lake to another. But Griffiths said that those precautions will probably not prevent the one-mile spread of the zebra mussel. Added Griffiths: "There's no stopping them." The marauder's spread is clearly here to stay.

DAVID TODD



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## TRANSPORTATION

# The heavy hitters

Accidents create concerns about truck safety

**L**ate last month 33 young members of a dance group from Calgary boarded a charter bus and set out for Pontiac, B.C., where they were scheduled to perform at the town's annual Peach Festival. But the journey ended in tragedy when a fleeing tractor-trailer tipped while negotiating a winding mountain highway near Golden, B.C., about 45 km from the Alberta border. The truck spilled its load of steel pipes onto the path of the oncoming bus, killing two of the girls and injuring the driver and 18 of the other 27 passengers. On the same day, three people, including a four-year-old boy, were killed near Annapolis, N.S., when two tanker trucks and a passenger van collided on a bridge.

Both accidents focused concern over the increasing number of large trucks that use Canadian highways, and safety standards that some Canadian truck owners say are difficult to meet because of low profits squeezed by competition from American rigs.

The statistics present a disturbing picture. According to estimates of Transport Canada officials in Ottawa, tractor-trailer rigs accounted for less than one per cent of the registered vehicles on Canadian roads in 1987, the most recent year for which

national figures are available. But, in that year, tractor-trailers were involved in 358—or almost eight per cent—of the 4,387 deaths from traffic accidents that occurred in Canada. And those figures are likely to climb because, since 1984, deregulation of the Canadian trucking industry has intensified competition on the highways by forcing the industry's rate structure and easing barriers to movement between provinces and across the U.S.-Canada border. Since then, the number of trucks involved in accidents has climbed as provinces including Quebec, British Columbia and Alberta, which report a rate-per-cent increase between 1987 and 1988.

Industry experts attribute only part of the growing danger to the number of trucks on the roads, now estimated at more than half a million, doubling the number since 1970. Many also blame inadequate training and say that the provincial governments should impose tougher training requirements on the country's 19 million licensed commercial drivers.

At present, drivers must only pass a road test and an exam, but are not required to equal in qualifying courses. Says Robert Power, a former truck driver who is now vice-president of the Commercial

Safety College, which offers a six-week course for truckers in Mississauga, N.B., "A truck is a pretty complex thing. If you put some unskilled kid behind the wheel, you're asking for trouble."

A coroner's inquest in New Brunswick in May recommended that drivers of tractor-trailers and other heavy trucks undergo a compulsory six-week training program before they can apply for a licence. The five-member jury had been investigating an accident near Carleton Place, N.B., on Thanksgiving Day, which left 13 people dead and injured 48 when a tractor-trailer struck a wagon that people were standing on. A family reunion was being held for a birthday celebration and immigration Canada has set up

a committee of industry representatives to develop a national training scheme, which they hope to have in place by the end of the year.

Other experts say that the rising number of truck accidents is a result of Ottawa's attempt to deregulate the industry. The federal Motor Vehicle Transport Act of 1987, which all the provinces and territories endorsed, made it easier for truckers to obtain provincial carriage licenses. At the same time, most regulations preventing truckers from crossing provincial boundaries, or the U.S.-Canada border, were eliminated. As a result, the growth of the industry is causing profit margins to shrink. Many Canadian truckers acknowledge that the financial squeeze is leading some of them to skimp on maintenance.

At the same time, some scientists say that overloading is also a factor. As deregulation and easing conditions, because the extra weight means more time is needed to stop. Says John Woodroffe, an engineer with the National Research Council, "It's dangerous to think trucks are safely designed to carry as much weight as is legally possible."

Still, experts claim that the majority of truck drivers on Canadian highways already act responsibly. Indeed, Ontario transport officials say that tractor-trailers have an average accident rate of just under one for every one million kilometres driven, compared with a rate of 2.7 accidents per one million kilometres for all vehicles. At the same time, experts point out that it is not truck drivers who are responsible for many highway accidents that involve them, but the drivers of other vehicles.

Richard Gidding, far one, vice-president of the Canadian Automobile Association, said that statistics show that automobile drivers are responsible for more than half of accidents involving trucks. Said Gidding: "It's pretty astonishing to drive beside or pass a 25-metre-long truck. Add that to a tired truck driver who doesn't react so quickly, and you get real problems." Whether or not that, the rising rate of truck accident fatalities is an immediate problem—and one that is leading to increasing pressure for government action.

Woodroffe: 'dangerous'



DEANE BRADY

# Unhealthy buildings

Experts say indoor air can make people ill

Early in 1989, several federal civil servants working in a Montreal office tower began complaining about headaches, fatigue and nausea. According to some reports, several employees fainted at their desks, recalls Todd Richardson, an Ottawa-based engineer with the federal department of public works. He said that he inspected the building and discovered that automobile exhaust fumes from the underground parking garage were penetrating the offices because the owner of the building had boarded up the

about headaches, fatigue and other ailments, they are talking about what experts call "sick-building syndrome." San Douglas Wilkenson, an Ottawa-based consultant with the Toronto conference, "Most people now work in airtight buildings, so it is becoming a very big issue."

Just how big was apparent at the meeting, where participants debated 330 research papers on indoor-air quality. By comparison, there were only 36 papers at the first conference on indoor air, which was held in Copenhagen

because people become breeding grounds for such micro-organisms as molds and fungi.

In most sealed buildings, only about 20 per cent of the air circulating at any given time is actually fresh from outside, says Richardson. The remainder is merely being recirculated, even when it is contaminated by volatile organic compounds or micro-organisms. Wilkenson said that the problem can be compounded if building operators shut off their ventilation systems altogether at night or during weekends, in order to save energy—not money.

In some cases, poorly designed ventilation systems can lead to contaminated air. Nathan said that his department suspected an office tower in Ottawa recently after numerous employees complained about dizziness and illness. Public works inspectors eventually discovered that the air intake duct and the exhaust duct, both of which measured six feet by 18 feet, were side by side on the roof. About 35 per cent of the air that was pumped out of the building through the exhaust was being sucked back in through the intake duct. Richardson said that the flaw was corrected by building a barrier between the two ducts.

Some medical experts who have studied sick-building syndrome contend that contaminated indoor air rarely poses a serious threat to an employee's health. Sherwood Burgin, a British doctor who attended the Toronto conference, said that the real problem is the comfort and productivity of office workers. He and fellow British physician Alastair Robertson conducted a study in which they recruited questionnaires to 4,600 workers based at 47 buildings in Great Britain. Burgin said that employees in six worst buildings reported three times as many health problems, including headaches, runny noses and fatigue, as their counterparts in buildings where the windows could be opened. Said Burgin: "The symptoms are not particularly disabling."

According to some of the delegates, solutions to sick-building syndrome are just beginning to emerge as a result of research conducted during the past decade. Burgin said that architects and engineers should begin designing buildings that allow the occupants some measure of individual control over light and lighting. For his part, Panger said that he is part of an eight-member European Community task force set up to develop new ventilation guidelines. He added, "It will take a complete change in our philosophy and thinking about buildings." Clearly, it will take some strong medicine to cure the sick-building syndrome that has become such a prevalent problem.

D'ARCY JESHER



At work in a modern, sealed building: calls for a "complete change in our philosophy."

underground ventilation system to save money. Although the source of that problem was external, concern about air quality in the workplace are becoming increasingly serious. Indeed, almost 1,300 scientists, doctors and businessmen met in 30 countries last in Toronto last week for a two-day conference aimed at improving air quality in homes and offices.

Indoor air quality began to emerge as a health issue during the late 1970s when buildings across North America and Europe started installing sealed windows, which cannot be opened, as an energy conservation measure to attract all new office towers, hospitals and schools. Experts attending the Toronto conference said that air delivered through ventilation systems frequently becomes contaminated with pollutants from mold and dust outside the building. When workers begin complaining

in 1978 and which attracted only 330 delegates. The combination of research and actual investigation of buildings with air quality problems has revealed dozens of potential sources of pollution. Said Ole Panger, a Danish air-quality expert and organizer of the first conference: "It was always assumed that buildings were clean. That was the big error."

New buildings, or structures that have been renovated or refurbished, can contain dozens of pollutants called volatile organic compounds, according to Wilkenson. Many of the compounds, including benzene, toluene and xylene, are derived from petroleum and are used in the glue applied to upholstery, tiles and carpets. Most are within a building's second source of airborne contaminants, Wilkenson said. Some of them, condensates in pipes and wet

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Baldwin (in table), Sutherland, Bacon, Roberts, Platt: menacing apparitions

## FILMS

# Back from beyond

Kiefer Sutherland stars in a hearty horror

FLATLINERS

Directed by Joel Schumacher

Summer movies tend to come in three seasons: frolic action-adventure films featuring vigilante-style superheroes, frivolous comedies and low-budget horror films where medical violence is the only source of dramatic tension. Horror movies, especially, need to sanctify any genre response on the altar of cheap thrills. *Flatliners* is different. Although it has its fair share of shaggy-haired scalpels and gratuitous gore, it manages to be a lot above most movies of its kind. Kiefer Sutherland and Julia Roberts, formerly twinned in an offscreen romance, give impassive performances as two young medical students who briefly step their hearts so that they can experience the afterlife. But *Flatliners* does not depend on star appeal alone. Poking with precise claws and thrills, the movie is an imaginative look at the subject of the afterlife.

For Sutherland, the 23-year-old son of Canadian stars Donald Sutherland and Shirley Douglas, Platt was only one of three movies currently showing his considerable talent. Last month, Chicago, he and the *Shogun* opened across North America. Based on a true story, it stars Sutherland as an American sea-

man in Second World War London who goes on a no-merit campaign of violence and murder with a sniper, played by French actress Emily Lloyd. And in the offbeat western *Young Guns* it, which opened last week, the actor returns to the role of Josiah (Doc) Scarelock, a frustrated poet and an ember of a gang of punk cowboys.

Although none of the seasons indicated to become a screen star, *Flatliners* seems close to letting Sutherland show as an actor. While his costars Roberts, Kevin Bacon, William Baldwin and Oliver Platt also give solid performances, Sutherland clearly emerges as the feature attraction. From the movie's spooky opening scene, in which medical student Nelson Wright (Sutherland) stands on a windproof pier at dawn, *Flatliners* clearly belongs to him. "Today is a good day to die," Wright whispers into the wind—and there is no doubt that he means it.

Bored with learning how to save lives, Wright wants to induce his own temporary death. He has studied the accounts of people who were moved after being declared clinically dead. They all recount how they experienced vivid sensations of warmth and light, and an overall feeling of well-being in that afterworld liturgist. Wright claims the support of all his fellow students to carry out an

act of desecrating his creepy experiences to his colleagues. Wright feels that his act has merely enhanced his appreciation of life making him feel "like a lively talent student."

Soon, the other students begin taking turns at undergoing the risky procedure. But for them, too, the experience proves to have dangerous psychic side effects: upon their return from the dead, some of them begin bumping back their own demons, who have been patiently waiting to pounce them for their sin. At first angry at Wright for misleading his peers, the students eventually band together to try to vanquish the visions that haunt them.

Those menacing apparitions take on a physical person, taunting from the young boy, who secretly shares Wright's fear with a hockey stick, to a series of angry women armed on getting even with the shadow, witnessing Joe Harley (Baldwin), Roberts, who outbats such established co-stars as Sally Field in the drama *Steel Dawn* (1989) and Richard Gere in this year's comedy *Pretty Woman*, offers a more restrained but convincing performance as Rachel Manzoni, a woman whose long-dead father seems intent on bringing her a mysterious message.

Like almost all movies of its type, *Flatliners'* premise is at times shaky. But, although its ramifications about the afterlife are occasionally strained, the movie earns enough audience fear to make up for its other moments. And there is a sophisticated look to the film that enhances its otherwise staid atmosphere: signs on top of marble columns at the gothicly inspired hospital loom back down on the students as they experiment with drugs and stark lights; long shadows from bench-to-windward floor in the minimalist operating rooms. Most importantly, *Flatliners* provides what horror movies always should, but rarely do: a distinct chill and an unsettling space on a hot summer day.

VICTOR DRYER

## BOOKS

# Memories of murder

A popular writer evokes Florida's dark past

KILLING MISTER WATSON

By Peter Matthiessen  
(Random House, 312 pages, \$26.95)

There are moments, those running through Peter Matthiessen's many works of fiction and nonfiction, in the earth itself. Whether he is writing about his own travels through the remote Florida bays (The *Stone Leopard*) or spinning tales about the poor laborers of the Caribbean (For *Therapy*), the celebrated 43-year-old American novelist and his books with the presence of the natural world. His splendid new novel, *Killing Mister Watson*, reflects the author's history of one of North America's most unending landscapes, the Ten Thousand Islands off Florida's coast.

Re-explored the southern coast. It is an area of haunting heat and destructive storms in Matthiessen's vision, it is also a breeding ground for murder and violent revenge. The novel's lively events seem to spring mysteriously from the land itself, nourished by what one character calls "these overgrown non-related islands with not enough high ground to build an offshore, and so many shoals plunging into sea bed sometimes you thought you'd take the wrong turn straight to hell."

Matthiessen's protagonist, Ed Watson, is loosely based on a late-19th-century insurance broker of the same name. Matthiessen's Watson is an enigma to his neighbors, who spend the water-sold coffee about him. In a series of colloquial, fast-paced conversations—offered several decades later—they reveal his secrets as a farmer, his reputation as a murderer and his controversial death at the hands of an outraged posse in 1910. A novel his supporters accept *Killing Mister Watson* as a generous, cautious mix of property that he often appeared to be. Other characters believe the widespread rumors that he originally came to the islands to escape a murder charge. And most suspect he was behind the brutal slaying of his neighbor Wiley and his father, a married couple who settled on his property.

Not one of the novel's characters has actually observed these crimes. But they supply enough

clues to deeply implicate the bearded, hard-eyed farmer. Or lower employee, Henry Thompson, recalls that he has seen a scowling Watson, pulling a gun on anyone who stepped him. As for the master of the Tacklers, one family says that they witnessed Watson's famous promise to spare them all his land. And so one last Watson had say motive for killing the popular young couple. By the time three of his own families were murdered

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Matthiessen's nature riffs are all his work

during the great hurricane of 1910, Watson had accumulated such a dark reputation that his neighbors automatically suspected him despite a complete absence of hard proof, they handed together to gun him down.

*Killing Mister Watson* is about evil—but how supposedly innocent people are implicated in its workings. Watson's neighbors fear him, but they are also deeply fascinated by his power. As Matthiessen's vivid and fast-paced story unfolds, he tells "Being a possible good man who hated lightning, he was kind of bewitched by his own violence." And the remains eerily that of Watson

had appeared leaving a single and showing jagged shapes, half the time in the island would have followed him into a patriotic war.

Those observations lead a mythic dimension to Watson, turning him into a complex symbol of American society, with all its hope for wealth and freedom—and its shadowy fascination with guns and violent death. As one of the island inhabitants, an ex-convict, Franchione, cries in broken English after describing how Watson shot at him for a gun, "What is this creature of pain in this country looking?"

That remark contains the essence of Matthiessen's premise: his portrayals a people needed, perhaps fatally, to violence. And he counterpoints the murder of human with slayings of a different kind. As Watson and his fellow developers open up swampland, Florida's roads and cities of progress, human massacre its burning wildlife for profit. One passage describes how they killed 6,500 alligators in one three-week period, stripping off the commercially valuable skin of their bodies while leaving the rest to rot.

The novel implies that, essentially, there is little difference between such wholesale slaughter of animals and the murder of humans: both stem from unbridled egoism that sees allegiance to nothing but itself. To believe that black night, Matthiessen offers only the courage of a few individuals, and the power and nobility of nature. *Killing Mister Watson* is a superb novel. It moves with the slow, heady mastery of a Florida river, accumulating detail until it seems to be the very landscape of the land and people it portrays.

JOHN DEMBRO

## Maclean's

NEAR-SHORE LIST

### REVIEW

- 1 The Broken of Peace, Time (1)
- 2 Fear of My North, Moore (2)
- 3 Street, Finner (3)
- 4 Crime Wars, Williams (4)
- 5 Storms Begun, Morrow (5)
- 6 Our Story, Leonard (6)
- 7 The Women in the Life, Bragdon (7)
- 8 Middle, Ford (8)
- 9 An Inconvenient Woman, Dwyer (9)
- 10 Message from Narn, Stein (10)

### NOTIFICATION

- 1 Margaret, 2000, Nash (1)
- 2 The Broken of Peace, Time (2)
- 3 Street, Finner (3)
- 4 Crime Wars, Williams (4)
- 5 Storms Begun, Morrow (5)
- 6 Our Story, Leonard (6)
- 7 The Women in the Life, Bragdon (7)
- 8 Middle, Ford (8)
- 9 An Inconvenient Woman, Dwyer (9)
- 10 Message from Narn, Stein (10)

(1) Previous list used

Compiled by Brian Roberts



# The new rules for real couples

BY WALTER STEWART

**T**his is the season of yellow fruitless arms and marital nagging, when the magazines that judge the desires of our supermarkets take up *People* Appeal. Not all the magazines, of course, there are still those that plug a way to each road and true desire as "Beyoncé's Gracious Givers Birth to Thine," "I Was a Slave to a Love Labor Camp," "Gushen Cooks Care Cakes" and that personal favorite, "Get Rained by Wolves Autowash Secretaries."

These magazines serve society in their own unpleasant way, but do not attempt to uplift, educate and educate us, couple-wise. For this, we turn to the magazines that rise up to, like \$3.50 a copy, and lead us down with the latest scientific gossip on the sex front.

"Seven Ways to Keep Your Man," they say, or "Secrets of a Happy Marriage" or "The Seven Secrets of Wedlock." You can lay out as little as \$3.50 and gain the inside edge on wedding bliss, sexual satisfaction and personal contentment, and that isn't a bargain, I don't know what is. However, the problem with all of these articles is that they are wrong, dead wrong. Although written by, or with the aid of, experts, they are clearly not written for people who are actually married. Probably, if the truth were known, they are written for magazine editors, a tiny and unstable bunch who wouldn't know True Love if it came equipped with a bouquet of flowers and a ring around its finger.

Most of these *Sexing the Finest* articles follow the same well-worn ground. They nearly always contain a number—seven, for choice, but I have seen "10 Bedtime Dos/Do's" and I wouldn't be surprised, with inflation, to read one of these days, an article that goes on: "A Fisher's Dream of Blaise for the Ideal Marriage." They always, always, stress openness and understanding as the keys to continuing bliss—"Talking Things Out is essential," they tell us, and "Never allow the sun to set on your anger," and similar totally misleading advice.

Alvin Fishersmith is in court.

passing shots of actual performance. That is and shall, for newlyweds. Long-term marriages turn on really important stuff, what might be called the Household Appliances of Love.

Put those matters in perspective, the actual looking-around part of marriage, as, in today's word world, partnering, taken up, at most, half an hour or so a day in the opening stages, and declines, as the economists say, over time. It is important, so one doesn't, but the standard of performance, or best, set against, say, a life's companion—his chosen with neither mouth open, or never does a dish or even with the definition that neither relatives are perfect, which we know not to be the case—it pales into insignificance.

Sex isn't everything, you know, and if we are to construct the perfect partnership, we will have to come up with something better than "Try to adjust yourself to the other partner's moods and attitudes, why not try it with Susan Wrap?" Let us consider our own solutions, to keep this scientific, The Seven Keys to Bliss.

1. The toilet paper. This is the big one. Picture the scene: the loved one is perched on the water closet, probably with book or magazine, and reaches, with the left hand, for the roll. Nothing there, and the new roll in the closet down the hall. Or, worse, two sheets left dangling there, in scornful defiance. Our first key, then, is Replace the Roll.

2. Rinnings of the footprints. If you partner in sex and someone always appears the footprints from the rug, this is no justification for spurring the rest of the tale into further rubber boots, and awaiting events. Our second key is Pardon the Eraser Squares, as long as it involves only dental substances.

3. Our third key is Say it With Salsa. Recent scientific evidence shows clearly that about 48 hours of early silence and bitten lips is better for the marriage than, say, four frank sentences about the loved one's shortcomings.

4. No Fair Remembering. Certain statements were made during the courting which have not been fulfilled. Pardon them, believe us, and go on to climb every mountain.

5. Snoring. Everybody snores, the real decision in life is between those who admit it and those who deny it. The way to deal with this is to put a pillow over the bedmate's head, and let it go at that. The temptation to kick the sleeping partner several times on the back of the legs, and then wonder why-eyed in the morning where the bruises came from, ought to be cautioned. No Kicking the Snorer is our fifth rule.

6. The Toilet Seat. We are back at the bathroom, now it's a little at night. The Adorned One, male, has been here first, and left the seat up. The Adorned One, female, now enters the darkened room. There is a splash. There will be words. Replace the Dimple Seat.

7. Finally, Hugging the Husbands. Try not to do this, if the love partner does it, do not push them back vigorously across husband's throat. True love can withstand almost anything but children and rigor mortis. Happy endings.

Walter Stewart is a journalist and author whose latest book is *Right Church, Wrong Pew*.

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